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**IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

i3 BRANDS, INC., and)
PARTPROTECTION, LLC,)
Plaintiffs,)
v.)
CDK GLOBAL, LLC, and THE)
REYNOLDS AND REYNOLDS)
COMPANY,)
Defendants.)

No. '19CV0252 MMAKSC

COMPLAINT

JURY TRIAL DEMANDED

INTRODUCTION

1. The principal shareholder and President of Plaintiffs i3 Brands, Inc. (“i3 Brands”) and PartProtection LLC (“PartProtection”), Michael Lucas, grew up at an auto dealership. He was raised in a small town in Oregon, and starting at the age of 9, helped his father—an owner of a Chevrolet dealership—with all sorts of tasks, including washing cars and assisting in the parts and sales departments. Driven by his experience working at his father’s dealership, Mr. Lucas became an entrepreneur after high school and, ultimately, a pioneer in developing internet-based software and products for auto dealerships and consumers.

2. PartProtection is Mr. Lucas’s latest innovative concept. Customers that shop at dealerships offering PartProtection can purchase a 36-month, unlimited-miles service contract and/or lifetime warranties for individual parts on their vehicles. Few dealerships (if any) had previously offered this service, and those that now offer it to their customers have reported that it has substantially increased their revenue and customer retention. In fact, an executive who works for Defendant Reynolds and Reynolds (“Reynolds”) has described PartProtection as the “best idea” he has heard in the thirty years he has worked with Reynolds’ Owner, CEO, and Chairman, Bob Brockman.

3. That Mr. Lucas has been able to establish a footprint in the auto services industry is a miracle because corporate behemoths, Defendants Reynolds and CDK Global, LLC (“CDK”) (collectively, “Defendants”), have dominated that industry for years and have used their positions of power to oppress entrepreneurs, such as Mr. Lucas, who have posed a threat to them.

4. Defendants are able to control the auto services industry because they have been the duopoly providers of Dealer Management Systems (“DMS”), which are software products that virtually every auto dealership in the United States uses to store dealer and customer data to manage their businesses (*e.g.*, accounting, sales, fixed operations—parts, service, and collision—and human resources). Together,

1 they control approximately 75% of the United States market by number of dealers
2 and at least 90% when measured by vehicles sold.

3 5. Every vendor that supplies a software-based product to a dealership,
4 including Plaintiff PartProtection, needs to access the data stored on the dealership's
5 DMS to serve its customers. A dealership's data is not stored in a useable form on
6 the DMS, though, which means that i3 Brands and PartProtection must pay third
7 party "data integrators" to access Defendants' DMS and transmit the data they need
8 to serve their dealership clients.

9 6. Prior to 2015, the market for data integration providers was
10 competitive: Reynolds and CDK offered data integration services, but i3 Brands and
11 PartProtection could also retain third parties, such as non-party Authenticom, Inc.,
12 to perform the same function. In other words, pricing for data integration was driven
13 by market forces because Reynolds and CDK were competing with each other, and
14 other competitors also threatened to undercut their pricing.

15 7. In February 2015, though, Defendants conspired to destroy all
16 competition in the data integration market through a series of illegal agreements,
17 including an agreement to block third-party data integrators from accessing their
18 DMS—eliminating competition to Defendants' own data integration programs, such
19 as Authenticom and Autoloop—thereby forcing third-party solution providers (such
20 as Plaintiffs) to use CDK and Reynolds for data integration services. Moreover,
21 CDK and Reynolds agreed that they would not compete to provide data integration
22 services to connect vendors with the others' DMS. In other words, based on
23 Defendants' agreements, vendors have no choice but to retain CDK as their data
24 integrator for CDK's DMS and Reynolds as their data integrator for Reynolds'
25 DMS.

26 8. Through those agreements, Defendants effectively eradicated all
27 competition in the data integration market, allowing them to charge i3 Brands and
28 PartProtection monopolistic data integration fees. The inflated fees not only

1 improved Defendants' bottom lines; they also opened up opportunities for
2 Defendants to "tilt the table" in the industry to favor their own interests. For
3 example, Defendants offer many products to dealerships that compete with products
4 offered by Plaintiffs and other vendors that must submit to Defendants' data
5 integration fees. Defendants benefit from their anticompetitive prices because they
6 can charge vendors, such as Plaintiffs, exorbitant data integration fees (which
7 Plaintiffs must either absorb or pass along in the form of higher prices to dealerships)
8 while Defendants pay nothing for data integration. Defendants can, therefore, offer
9 their products to dealerships at rates that are substantially lower than the rates offered
10 by the victims of Defendants' scheme, including Plaintiffs, and drive them out of
11 business.

12 9. Defendants' anticompetitive conduct violates the antitrust laws of the
13 United States and the unfair trade practices statutes of the State of California.¹ Their
14 conduct has also substantially harmed Mr. Lucas and his businesses, i3 Brands and
15 PartProtection, in multiple respects.

16 10. **First**, Defendants have forced exorbitant, artificially inflated data
17 integration fees upon i3 Brands and PartProtection. These "bloated" fees, as one
18 court has described them, injure vendors like Plaintiffs not only because they must
19 pay them, but also because the fees make Plaintiffs' products and services more
20 expensive and, therefore, less attractive to dealers.

21
22 ¹ Several other vendors and dealerships have brought complaints against Defendants
23 asserting claims predicated on Defendants' anticompetitive agreements, and those
24 cases have been consolidated for discovery purposes in a Multi-District Litigation
25 captioned *In re Dealer Management Systems Antitrust Litigation*, No. 18-cv-864
26 (N.D. Ill.). Plaintiffs cite herein (and reference verbatim from time to time) certain
27 allegations of anticompetitive conduct raised in their complaints, which were
28 accepted as fact, in substantial part, by the Western District of Wisconsin after it
conducted an evidentiary hearing in *Authenticom, Inc. v. CDK Global, LLC*, 2017
U.S. Dist. LEXIS 109409 (W.D. Wis. July 14, 2017), *vacated on other grounds*, 874
F.3d 1019 (7th Cir. 2017). Plaintiffs have also confirmed allegations in those
complaints based on personal experience/knowledge and independent investigation.

11. **Second**, by obtaining control of the data integration market, Defendants were able to “tilt the table” in favor of their own products and interests by either delaying integration to competitors; providing only limited integration to competitors; or refusing to provide integration altogether. In fact, Defendants both used their positions of power, procured through their anticompetitive agreements, to sabotage lucrative business opportunities developed by Plaintiffs.

12. **Third**, by charging their bloated fees, Defendants have artificially reduced the value of Plaintiffs’ businesses. In fact, as a result of Defendants’ anticompetitive behavior, Plaintiff i3 Brands was forced to sell three of its brands to Reynolds for millions less than they would have been worth in a competitive data integration marketplace.

13. **Finally**, consistent with its strategy to destroy competitors through anticompetitive practices and “tilt the table” in favor of itself, Reynolds plotted and executed a scheme to steal PartProtection’s trade secrets and use them to create a competing product it hopes will drive PartProtection out of business. As set forth in greater detail below, Reynolds entered into a partnership agreement with PartProtection under which it agreed to promote PartProtection, but it used that agreement as a pretext to access PartProtection’s trade secrets and *create a replica of PartProtection’s business*. Reynolds’ breach of the partnership agreement and misappropriation of PartProtection’s trade secrets threaten to destroy PartProtection, while Reynolds’ competing product is estimated to be worth *hundreds of millions of dollars*. Thus, in this instance, Reynolds is not merely “tilting the table” to disadvantage PartProtection, but is attempting to completely undercut it.

PARTIES

14. Plaintiff i3 Brands is a Delaware corporation with its principal place of business in Del Mar, California. It is a technology-based corporation that has developed a portfolio of entities specializing in software and data-driven solutions in the automotive industry.

1 15. Plaintiff PartProtection is a Delaware limited liability company with its
2 principal place of business in Del Mar, California. It is a wholly owned subsidiary
3 of i3 Brands. PartProtection has revolutionized the auto parts industry through its
4 point-of-sale product that allows motorists to extend the warranty coverage for the
5 Original Equipment Manufacturer (“OEM”) parts on their cars.

6 16. Non-party Parts.com was a brand and product previously owned by i3
7 Brands that i3 Brands sold to Reynolds in April 2017. It is an online marketplace
8 for OEM parts.

9 17. Non-party TradeMotion was a brand and product previously owned by
10 i3 Brands that i3 Brands sold to Reynolds in April 2017. It is an eCommerce parts
11 software, parts services, and data solutions provider for the automotive industry.

12 18. Defendant CDK is a publicly traded Delaware corporation with its
13 corporate headquarters and principal place of business at 1950 Hassell Road,
14 Hoffman Estates, Illinois 60169. CDK’s headquarters for the western region of the
15 United States are located at 1100 Town and Country Road, Suite 800, Orange,
16 California 92868. CDK provides DMS software and services to automobile
17 dealerships throughout the United States and has more than \$2 billion in annual
18 revenue. In 2014, CDK was spun off from ADP, LLC, and is now an independent,
19 publicly traded company. Prior to the spin-off, CDK was referred to as ADP Dealer
20 Services (referred collectively herein as “CDK”). In addition to its DMS platform,
21 CDK also provides data integration services and offers products and services that
22 compete directly with i3 Brand’s solutions, including products and services that
23 compete with solutions offered by PartProtection.

24 19. Defendant Reynolds is an Ohio corporation with its corporate
25 headquarters and principal place of business located at One Reynolds Way,
26 Kettering, Ohio 45430. Like CDK, Reynolds provides DMS software and services
27 to automobile dealerships throughout the United States, including in California. To
28 service those dealerships in California, Reynolds has many employees that work in

1 and travel to the state. Like CDK, Reynolds provides data integration services as
2 well as products and services that compete directly with i3 Brands' solutions,
3 including products and services that compete with solutions offered by
4 PartProtection. Reynolds was acquired by Bob Brockman in 2006 in a leveraged
5 buyout and was subsequently taken private.

6 JURISDICTION AND VENUE

7 20. This action arises under Sections 1 and 2 of the Sherman Act, 15 U.S.C.
8 §§ 1 and 2; Sections 4 and 16 of the Clayton Act, 15 U.S.C. §§ 15 and 26; and
9 California state law.

10 21. This Court has subject matter jurisdiction over the federal antitrust
11 claims pursuant to 28 U.S.C. §§ 1331 and 1337 and Sections 4, 12, and 16 of the
12 Clayton Act, 15 U.S.C. §§ 15, 22, and 26. This court has supplemental jurisdiction
13 over the state law claims under 28 U.S.C. § 1367 because they are so closely related
14 to the federal claims that they constitute part of the same constitutional case.

15 22. This Court has personal jurisdiction over Defendants pursuant to
16 Sections 4, 12, and 16 of the Clayton Act, 15 U.S.C. §§ 15, 22, and 26, and 28 U.S.C.
17 § 1391(b), (c), and (d), and the nationwide service provisions therein. Defendants
18 have engaged in the unlawful acts described in this Complaint with the foreseeable
19 or intended effects of causing substantial economic harm to i3 Brands and
20 PartProtection in California, and Defendants have purposely availed themselves of
21 the privilege of doing business in California through the widespread promotion, sale,
22 and distribution of their products and services in the State.

23 23. Venue is proper in the Southern District of California pursuant to
24 Sections 4, 12, and 16 of the Clayton Act, 15 U.S.C. §§ 15, 22, and 26, and 28 U.S.C.
25 § 1391(b), (c), and (d). Defendants are registered to do business, have transacted
26 business, were found, and had agents in the Southern District of California; a
27 substantial part of the events giving rise to the claims set forth herein occurred in the
28 District; a substantial portion of the affected interstate trade and commerce described

1 herein has been carried out in the District. i3 Brands and PartProtection have also
 2 served dealers in California that use a CDK or Reynolds DMS.

3 24. Defendants' unlawful conduct substantially affected interstate
 4 commerce by harming competition, increasing prices and decreasing quality, and
 5 limiting output, to the detriment of i3 Brands and PartProtection.

6 **FACTUAL ALLEGATIONS**

7 **I. DEFENDANTS CONSPIRE TO ELIMINATE COMPETITION IN** 8 **THE DATA INTEGRATION MARKET**

9 25. As described in greater detail below, Plaintiffs i3 Brands and
 10 PartProtection have been harmed in several respects because Defendants Reynolds
 11 and CDK have entered into anticompetitive agreements with the goal of eliminating
 12 all competition in the data integration industry. Defendants' conspiracy has
 13 permitted them to charge supracompetitive data integration prices to vendors of
 14 automotive services, such as Plaintiffs, and "tilt the table" in favor of their own
 15 products that they sell to dealerships.

16 26. In support of their claims that Defendants have engaged in illegal,
 17 anticompetitive conduct, Plaintiffs set forth below:

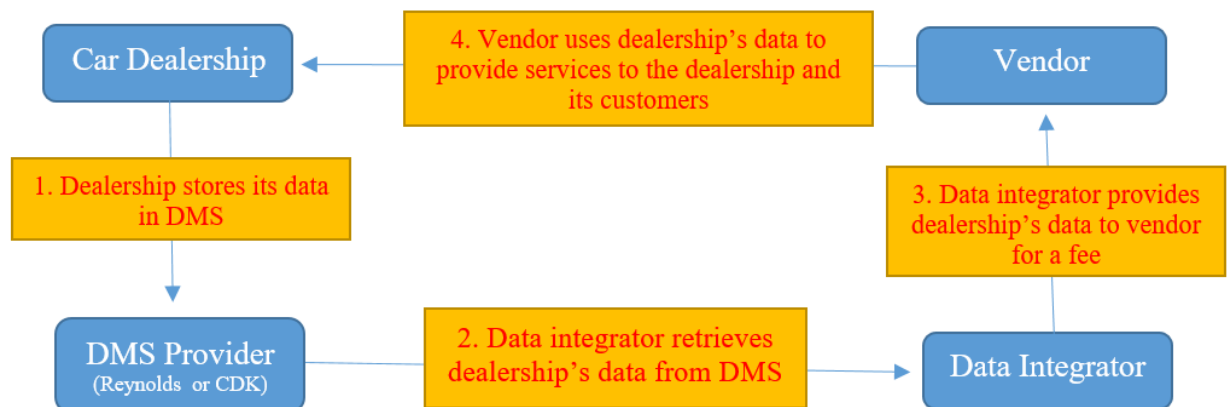
- 18 (A) the relevant product markets involved in Defendants' conspiracy;
- 19 (B) the details of Defendants' anticompetitive conduct;
- 20 (C) the harm to competition caused by Defendants' anticompetitive
 21 conduct; and
- 22 (D) that there is no pro-competitive justification for Defendants' actions.

23 **A. The Relevant Product Markets**

24 27. The auto industry in the United States, in its simplest form, consists of:
 25 manufacturers of automobiles; the dealers that sell those automobiles; and end-
 26 purchasers of automobiles, including businesses and consumers. A separate industry
 27 exists of "vendors" that provide services and supplemental products that dealerships
 28 can offer to their customers when they purchase their cars or are otherwise at the

dealership. For example, PartProtection is a vendor that offers an extended-warranty product to dealerships, and dealerships that contract with PartProtection can offer its warranties to their customers, including independent repair facilities.

28. Virtually all dealerships in the United States manage their operations by storing and retrieving data from a DMS, and Defendants are the duopoly providers of DMS. All vendors, such as PartProtection, must access a dealership's data stored on its DMS to provide services to the dealership's customers. Even though the dealership's data belongs to the dealership, a vendor must still retain a "data integrator" to compile the data it needs from the dealership's DMS and provide it in a useable form to the vendor. Thus, one substantial cost that Plaintiffs and other vendors incur is the fee they pay "data integrators." The following diagram illustrates the relationship between dealerships, DMS providers, data integrators, and vendors:



29. By its nature, Defendants' anticompetitive conspiracy implicates the following relevant markets: (1) the DMS market in the United States; (2) the Dealer Data Integration Market in the United States; and (3) the Dealer Data Integration Single-Brand Aftermarket. Each of those markets is described in detail below.

1. The DMS Market

30. The DMS is enterprise software used by retail automotive dealerships to manage their business, including sales, financing, inventory management, repairs

1 and service, accounting, payroll, human resources, and marketing. The DMS has
2 been analogized to the central nervous system of a car dealership.

3 31. The DMS also includes a database used to store certain dealer data,
4 including vehicle and parts inventory, customer name and contact information,
5 completed and pending sales, finance and insurance information, service and repair
6 information, and more.

7 32. Over time, the DMS became the center of a dealer's retail management
8 platform. Virtually every franchised new car dealership in the United States now
9 uses a DMS. And while dealers generate much of their data outside of the DMS in
10 separate software solutions, as a practical matter, a substantial portion of dealer data
11 is stored on the DMS, even though there is no technical reason why that must be the
12 case.²

13 33. The DMS market is comprised of those providers that market and sell
14 DMS services to franchised new car dealers in the United States. There is public
15 and industry recognition of the DMS market.³

16 **a. CDK and Reynolds Dominate the DMS Market**

17 34. Defendants CDK and Reynolds dominate the DMS market. About 45
18 percent of dealer "rooftops" (*i.e.*, franchised stores located at a physical location)
19 use CDK's DMS, and about 30 percent use Reynolds' DMS. When measured using
20 the number of vehicles sold from franchised dealers, CDK and Reynolds control
21 more than 90 percent of the DMS Market. Industry publications have described
22 CDK and Reynolds as "the Big 2," "the Duopoly," "the two 400-pound gorillas,"
23 and "the two giants of the DMS market."⁴

24
25 ² *In re Dealer Mgmt. Sys. Antitrust Litig.*, No. 18-cv-00864, Dkt. No. 191 at ¶ 41
26 (N.D. Ill. June 5, 2018) (hereinafter "*Autoloop* Compl.").

27 ³ *Autoloop* Compl. ¶ 42.

28 ⁴ *Authenticom, Inc. v. CDK Glob., LLC et al.*, No. 17-v-00318, Dkt. No. 4 at ¶ 43
(W.D. Wis. May 1, 2017) (hereinafter "*Authenticom* Compl."); *Autoloop* Compl. ¶ 43.

1 35. CDK's and Reynolds' DMS businesses are very lucrative. A single,
2 small dealership pays up to \$150,000 per year for a DMS software license and
3 services. Mid-size dealership groups (5 to 10 stores) pay \$1,500,000 or more per
4 year, and large dealership groups can easily pay more than \$5,000,000 per year.
5 CDK's and Reynolds' profit margins on their DMS are estimated to exceed 40
6 percent.⁵

7 **b. The CDK and Reynolds Duopoly Has Proven Durable**

8 36. Significant barriers to entry protect CDK's and Reynolds' dominant
9 positions in the DMS market. **First**, CDK and Reynolds have locked dealers into
10 lengthy contracts. CDK and Reynolds sell their respective DMS software and
11 services pursuant to long-term contracts that are typically between five and seven
12 years in length. These contracts often include automatic extensions if new services
13 are ordered in the middle of the contract.⁶

14 37. The barriers to entry are so high that even Microsoft could not compete
15 in this market. In fact, Microsoft tried to enter the DMS market in 2006, but its
16 venture quickly failed. A Microsoft executive even asserted that "[w]e kind of got
17 ahead of ourselves," in its attempt to compete with Defendants. David Barkholz,
18 *Dealers Get New Management System Option*, Automotive News (Dec. 2, 2012).

19 38. **Second**, switching costs are high. Switching DMS providers presents
20 significant logistical challenges and is highly disruptive to business operations. It
21 can take a dealership over a year to prepare, train staff, and run tests before a new
22 DMS can be put into operation, all while the dealership is also trying to sell and
23 service cars. The financial costs in terms of training and implementation are
24 significant.⁷

25 39. One industry executive stated that changing DMS providers "is akin to
26

27 ⁵ *Autoloop* Compl. ¶ 46.

28 ⁶ *Autoloop* Compl. ¶ 47.

⁷ *Autoloop* Compl. ¶ 48.

1 a heart transplant.” David Barkholz, *DMS Dilemma: Why It’s So Hard to Switch –*
 2 *Upstarts Battle Big 2, But Dealers Weigh Cost vs. Comfort Zone*, Automotive News
 3 (May 10, 2010). CDK’s Global CEO also recently acknowledged that “switching
 4 DMS providers can be very difficult. It [is quite a] process [to] change and takes
 5 time, which is part of the reason that many dealers are hesitant to switch.” Thomson
 6 Reuters StreetEvents, Edited Transcript: CDK – Q1 2017 CDK Global, Inc. Earnings
 7 Conference Call, at 3 (Nov. 2, 2016) (statement by CDK CEO Brian MacDonald).⁸

8 **2. The Dealer Data Integration Market**

9 40. The Dealer Data Integration Market consists of services that provide
 10 vendors, such as PartProtection, with access to dealer data on the DMS, including
 11 CDK’s and Reynolds’ own in-house data integration services. Data integrators may
 12 also provide value-enhancing services, such as putting data from different DMS in
 13 a uniform format, data hygiene (*i.e.*, error correction), and granular control by
 14 dealers over which vendors receive which data.⁹

15 41. Before a data integrator can access dealer data on the DMS, the data
 16 integrator must receive specific authorization from the dealer. To grant such access,
 17 dealers enter into contracts with data integrators that authorize the data integrator to
 18 access the dealer’s data.¹⁰

19 42. There is public and industry recognition of the existence of a Dealer
 20 Data Integration Market distinct from the DMS market. For example, CDK has
 21 described its data integration services as “a stand-alone product” separate from its
 22 core DMS product. CDK, Annual Report (Form 10-K) (Aug. 13, 2015), at 4. The
 23 Dealer Data Integration Market also has its own supply and demand curves. The
 24 usage of integrated vendor solutions—and hence the amount of data integration
 25 services—has fallen relative to what it would be in a competitive market in response
 26

27 ⁸ *Authenticom* Compl. ¶ 40.

28 ⁹ *Autoloop* Compl. ¶ 56.

¹⁰ *Autoloop* Compl. ¶ 57.

1 to supracompetitive prices charged for data integration services by CDK and
 2 Reynolds because a significant portion of those costs are passed on to dealers. There
 3 are also no reasonable substitutes for services provided by data integrators,
 4 demonstrated most clearly by the fact that CDK and Reynolds, after closing their
 5 systems, have been able to impose massive price increases for their data integration
 6 services.¹¹

7 43. Geographically, the Dealer Data Integration Market covers the United
 8 States.¹²

9 **a. The Dealer Data in the DMS Belongs to the Dealers**

10 44. Even though certain dealer data is stored on the DMS, that data still
 11 belongs to the dealers. The dealers therefore should decide who to authorize to
 12 access their data. CDK and Reynolds have repeatedly admitted this fundamental
 13 fact in public statements, on their websites, and in their DMS contracts with dealers.
 14 For example, Tom Schwartz, Reynolds' chief spokesperson, has publicly declared:
 15 "The data belongs to the dealers. We all agree on that." David Barkholz, *Dealers*
 16 *Decry Reynolds Crackdown*, Automotive News (Nov. 21, 2011).¹³

17 45. For many years, CDK has also publicly recognized the fundamental
 18 principle that dealers, as owners of their data, have the right to control access to and
 19 use of that data. For example, Steve Anenen, CDK's longtime CEO, publicly stated
 20 that dealers have the right to grant third parties access to, and use of, their data. He
 21 told the industry publication Automotive News, "We're not going to prohibit that or
 22 get in the way of that." Ralph Kisiel, *ADP Provides Dealers 3 Options on Data*
 23 *Access*, Automotive News (Feb. 19, 2007). "I don't know how you can ever make
 24 the opinion that the data is yours to govern and to preclude others from having access
 25 to it, when in fact it's really the data belonging to the dealer. As long as they grant
 26

27 ¹¹ *Autoloop* Compl. ¶ 58.

28 ¹² *Autoloop* Compl. ¶ 59.

¹³ *Autoloop* Compl. ¶¶ 60–61.

1 permission, how would you ever go against that wish?” *Id.*¹⁴

2 **b. Participants in the Data Integration Market**

3 46. At one time, there were approximately a dozen competitors in the
4 Dealer Data Integration market, such as SIS and SelectQu. CDK’s and Reynolds’
5 anticompetitive behavior has driven most of them out of the market. Today, there
6 are effectively only three remaining commercial data integrators serving CDK’s and
7 Reynolds’ dealers: Reynolds through its “RCI” product, CDK through its “3PA”
8 product, and Authenticom. Subject to its own litigation against CDK and Reynolds,
9 Authenticom’s ability to remain in business is in doubt. Therefore, vendors such as
10 Plaintiffs have, effectively, only one integration option with respect to dealer data
11 on a CDK DMS—CDK itself.¹⁵ The same is true of Reynolds.

12 **i. CDK**

13 47. CDK provides integration with dealer data on the CDK DMS through
14 an interface offered by CDK under its 3PA program. The 3PA program’s managed
15 interface is used exclusively for data integration with the CDK DMS.¹⁶

16 48. Prior to early 2015—when CDK colluded with Reynolds to “close” its
17 DMS— CDK offered several ways by which dealers could share their data. For
18 example, CDK offered a “basic access” package where dealers supplied vendors
19 with a user ID and password by which the vendors or their data integrators could
20 access dealer data on CDK’s DMS. Before 2015, CDK also allowed dealers to use
21 other data integrators that competed with 3PA.¹⁷

22 49. CDK revamped the 3PA program in June 2015. Under the “refreshed”
23 3PA program, CDK declared that the 3PA program’s managed interface is the only
24 CDK-approved method of integrating with a CDK DMS. It now labels any other
25

26 ¹⁴ *Autoloop* Compl. ¶ 66.

27 ¹⁵ *Autoloop* Compl. ¶ 69.

28 ¹⁶ *Autoloop* Compl. ¶ 70.

¹⁷ *Autoloop* Compl. ¶ 71.

1 method for accessing data “unauthorized,” and it disables login credentials that any
 2 dealer provides to a third party. Today, CDK disables login credentials used by
 3 third-party data integrators even though its own dealer contracts specifically permit
 4 access by “agents” of the dealers.¹⁸

5 50. CDK also owns two third-party data integrators, DMI and IntegraLink.
 6 DMI and IntegraLink obtain authorization from dealers to pull data from the dealer’s
 7 DMS in the same way as other data integrators and provide that data to vendors. For
 8 over a decade, DMI and IntegraLink provided data integration services for CDK
 9 itself and a variety of other DMS platforms, including Reynolds. CDK, however,
 10 largely discontinued these services once CDK and Reynolds entered into their
 11 February 2015 agreement not to compete, which is described below.¹⁹

12 **ii. Reynolds**

13 51. Reynolds provides integration with dealer data on the Reynolds DMS
 14 through its RCI service, which is Reynolds’ equivalent to 3PA. Like the 3PA
 15 program, RCI is now the only means by which vendors are allowed to integrate with
 16 dealer data on Reynolds’ DMS. Reynolds does not have a data integration service
 17 that works with other DMS platforms.²⁰

18 **iii. Authenticom and Other Independent Integrators**

19 52. Authenticom was founded in 2002, introduced its data integration
 20 service in 2004, and has served more than 15,000 dealers in that time. Authenticom
 21 provides data integration services for all available DMS platforms, including
 22 Reynolds and CDK, and is the last significant independent data integration provider
 23 in the market.²¹

24 53. Authenticom’s standard pricing to pull data is \$25 per dealer per month
 25

26 ¹⁸ *Autoloop Compl.* ¶ 72.

27 ¹⁹ *Autoloop Compl.* ¶¶ 73, 76.

28 ²⁰ *Autoloop Compl.* ¶ 77.

²¹ *Autoloop Compl.* ¶¶ 78–79.

1 for the first data set, and then \$50 per dealer per month for two or more.
 2 According to Authenticom, the average price a vendor pays to pull data is between
 3 \$30 and \$40 per dealer per month. For bi-directional integration, Authenticom has
 4 charged at most \$75 per dealer per month, and that price included additional
 5 services, such as data hygiene.²²

6 54. Apart from Authenticom, there were once many other independent
 7 integrators in the market—such as SIS, SelectQu, and others—before CDK and
 8 Reynolds drove them from the market.²³

9 **3. The Single-Brand Aftermarkets for Dealer Data Integration** 10 **Services**

11 55. The markets for dealer data integration for dealers using Defendants'
 12 DMS products are cognizable, brand-specific antitrust aftermarkets. The
 13 aftermarket for dealer data integration is derivative of the primary DMS market
 14 because, if there were no DMS systems in the first place, there would be no demand
 15 for integration services for dealer data on those systems.²⁴

16 56. When dealers purchase Defendants' DMS platforms, they are locked
 17 into those purchases because of high switching costs, as described above.²⁵

18 57. Information costs prevent dealers from accurately factoring in
 19 Defendants' higher data integration fees when they choose their DMS provider.
 20 Among other things, CDK and Reynolds are not transparent with dealers about their
 21 data integration fees. On the contrary, Defendants impose price secrecy provisions
 22 on application providers, which frustrates the flow of information and prevents
 23 dealers from engaging in accurate lifecycle pricing. Similarly, dealers had no reason
 24 to believe that Defendants would switch positions with respect to data access after
 25

26 ²² *Authenticom* Compl. ¶ 82.

27 ²³ *Autoloop* Compl. ¶ 81.

28 ²⁴ *Authenticom* Compl. ¶¶ 111–12.

²⁵ *Autoloop* Compl. ¶ 83.

1 CDK and Reynolds had already locked them into long-term DMS contracts. For
 2 example, given CDK's unequivocal public statements, dealers could not have known
 3 that CDK would make an abrupt change and seize control over access to dealer
 4 data.²⁶

5 58. Because of these market imperfections, Defendants are profitably
 6 charging supracompetitive prices for dealer data integration on their DMS. That
 7 Defendants have been able to impose such large price increases for integration
 8 services on its DMS demonstrates that there are no reasonable substitutes for that
 9 service.²⁷

10 **B. Defendants' Anticompetitive Conduct**

11 **1. CDK's and Reynolds' *Per Se* Unlawful Horizontal** 12 **Agreement To Eliminate Competition in the Data** 13 **Integration Market**

14 **a. CDK's DMS Was "Open" Prior to 2015**

15 59. Third-party access was once a key point of competition between CDK
 16 and Reynolds. Prior to 2015, CDK publicly touted its open system as one of the
 17 competitive advantages of its DMS. By contrast, in 2009, Reynolds began
 18 selectively blocking third-party access, and increased its blocking efforts in 2013.²⁸

19 60. CDK was successful in marketing its "open" DMS as a competitive
 20 advantage over the Reynolds DMS, and dealers purchased DMS services from CDK
 21 based, in part, on CDK's public representations and unchanged contractual language
 22 allowing for such access. As a result, CDK very slowly gained market share from
 23 Reynolds. Over a decade, Reynolds' DMS market share declined from about 40 to
 24 30 percent, with most dealers leaving Reynolds for CDK.²⁹

25 61. That competition between CDK and Reynolds abruptly halted in 2015,

26 ²⁶ *Authenticom* Compl. ¶ 114.

27 ²⁷ *Authenticom* Compl. ¶ 115.

28 ²⁸ *Autoloop* Compl. ¶ 86.

29 ²⁹ *Autoloop* Compl. ¶ 87.

1 when CDK suddenly “closed” its system. Given CDK’s unequivocal public
 2 statements, CDK’s abrupt about-face came as a complete surprise to the market.³⁰

3 **b. CDK “Closed” Its DMS in 2015 after Entering into an**
 4 **Agreement with Reynolds To Eliminate Competition**
 5 **in the Data Integration Market**

6 **i. CDK’s Internal Documents Reveal Its**
 7 **Motivation for Colluding with Reynolds**

8 62. In 2014, CDK decided that it wanted to capture more value for itself by
 9 charging dramatically increased rates for integration with dealer data. Prior to
 10 entering into its unlawful agreements with Reynolds, CDK charged on average \$70
 11 per dealer per month for integration. Dealers could choose methods of access on a
 12 vendor-by-vendor basis, giving dealers flexibility in managing how their vendors
 13 obtained data and the costs that would be passed through to the dealers. But by
 14 closing its DMS, CDK saw an opportunity to impose huge price increases on its data
 15 integration services—increasing CDK’s profits while also advantaging its
 16 competing products and services by raising the input costs and decreasing the
 17 integration available to its rivals. Internal CDK presentations specifically
 18 recognized the “risk of vendors willing to move” to competing data integrators
 19 “instead of accept increase price” if those competing integrators were allowed to
 20 continue to provide their services.³¹ *Authenticom* Dkt. No. 163 at 134:11–15.³²

21 63. In addition, CDK believed that destroying competition for data
 22 integration and subsequently raising prices for data integration would help address
 23 the threat posed by standalone products and services to the primacy of the DMS to
 24 a dealer’s operations. The growth of standalone solutions, especially sales and

25 ³⁰ *Autoloop* Compl. ¶ 88.

26 ³¹ *Autoloop* Compl. ¶ 89.

27 ³² Citations to the Transcripts of the Hearing on Plaintiff’s Motion for Preliminary
 28 Injunction held June 26–28, 2017, in *Authenticom, Inc. v. CDK Global, LLC*, No.
 17-318, are referred to herein by their respective docket numbers (Dkt. Nos. 162–
 66).

1 service customer relationship management applications, have threatened to reduce
2 the importance of the DMS as dealers increasingly manage their operations through
3 the standalone solutions outside of the DMS. Moreover, many of those solutions are
4 where dealers generate much of their data in the first instance—for example,
5 customer relationship management software products are often where dealers first
6 capture and store information about their customers and sales transactions—and, as
7 those products are able to host and manage a dealer’s data, the DMS again loses its
8 importance. By “closing” its DMS and raising the input costs for standalone
9 solutions, CDK forestalled the growth of those solutions, which is what would
10 naturally occur absent the anticompetitive restraints.³³

11 64. Finally, CDK and Reynolds sought to advantage their own offerings
12 that compete with products and services provided by other vendors such as
13 Plaintiffs. Destroying competition for data integration gave Defendants control over
14 competing service providers’ access to, and ability to use and update, dealer data.
15 Defendants recognized that they could “tilt the table” in favor of their own
16 applications by withholding needed data access, imposing use restrictions, and
17 limiting write permissions for certain data elements. Their actions have disrupted
18 the workflow of competing solutions, and denied data access completely for some
19 competing offerings.³⁴

20 65. Internal CDK strategy documents reveal the specific purposes of
21 CDK’s conspiracy with Reynolds. According to CDK, “One of the 3PA Program’s
22 principles was to protect CDK products through a tilt-the-table approach.”
23 *Authenticom* Dkt. No. 163, at 140:13–15. By “tilt the table,” CDK meant it would
24 advantage its products and services over those of third-party vendors by providing
25 itself greater access and use rights to dealer data. CDK intended to keep an
26 “advantage to CDK-layered applications” as compared to third-party solutions,

27
28 ³³ *Autoloop* Compl. ¶ 90.

³⁴ *Autoloop* Compl. ¶ 91.

1 providing additional “margin” that could be achieved through a “closed” system. *Id.*
 2 at 139:2–7.³⁵

3 66. CDK’s own documents show that it sought to “disrupt the workflow”
 4 of competing applications and services, and of those that compete with CDK’s own
 5 “service workflow application[s]” in particular. *Authenticom* Dkt. No. 163 at
 6 140:11–141:13. In order to achieve these aims, as CDK’s internal documents
 7 acknowledged, CDK needed Reynolds’ cooperation. In an October 2014
 8 presentation, CDK stated that it needed to enter into “reciprocal agreements with
 9 DMS providers,” including specifically Reynolds, in order to eliminate competing
 10 data integrators. *Id.* at 145:18–146:15. And Reynolds needed CDK to close CDK’s
 11 system to reduce the number of dealers leaving Reynolds for CDK on the basis of
 12 CDK’s previously “open” system. Moreover, with the two dominant DMS providers
 13 agreeing to block independent integrators, it would be impossible for competing data
 14 integrators to survive. CDK thus contemplated reaching an agreement with
 15 Reynolds to reduce, and ultimately eliminate, competition for integration to dealer
 16 data.³⁶

17 **ii. CDK and Reynolds Agreed To Block**
 18 **Independent Integrators**³⁷

19 67. A few months later, in early 2015, CDK and Reynolds entered into
 20 agreements designed to eliminate competition in the provision of dealer data
 21 integration services. **First**, in February 2015, CDK and Reynolds entered into three
 22 written agreements in which they promised not to compete in providing data

23
 24 ³⁵ *Autoloop* Compl. ¶ 91.

25 ³⁶ *Autoloop* Compl. ¶ 94.

26 ³⁷ Plaintiffs do not have access to the written anticompetitive agreements between
 27 Reynolds and CDK. Other plaintiffs, however, have alleged the content of those
 28 agreements in their complaints (*see, e.g., Authenticom* Compl. ¶¶ 131–39, *Autoloop*
 Compl. ¶¶ 95–114), and the *Authenticom* court found, as a matter of fact, that
 Defendants entered into those agreements. 2017 U.S. Dist. LEXIS 109409 at *9-10,
 18.

1 integration services and, in their capacity as providers of proprietary applications
2 and services, not to use the services of independent integration service providers to
3 obtain data from the other's DMS. **Second**, CDK and Reynolds further agreed that
4 each would block independent integrators' access to their DMS customers' data, in
5 an effort to drive independent integrators from the market entirely.

6 **68. Data Exchange Agreement.** Effective February 18, 2015, CDK and
7 Reynolds entered into three written agreements. The centerpiece was a so-called
8 "Data Exchange Agreement"—also referred to as a "wind-down" agreement—
9 pursuant to which CDK agreed to wind down its data integration business on the
10 Reynolds DMS, with Reynolds promising not to block CDK's access to the
11 Reynolds system during the wind-down period, which might last as long as five
12 years—until the year 2020. *See* Data Exchange Agreement § 1.4. During that
13 period, Reynolds agreed that CDK could continue to extract dealer data just as it
14 had before, using login credentials provided by the dealer. *See id.* § 4.3. As for
15 other independent integrators, CDK and Reynolds agreed that they would not "take
16 any steps to assist any person that it reasonably believes to have plans to access or
17 integrate with the other party's DMS." *Id.* § 4.5.

18 **69.** CDK and Reynolds also agreed that they themselves would no longer
19 access data on each other's DMS. *Id.* (agreeing to a "[p]rohibition on . . . DMS
20 Access"). Specifically, the agreement states: "For the avoidance of doubt, this
21 Section 4.5 is not intended as a 'covenant not to compete,' but rather as a
22 contractual restriction of access and attempted access." *Id.* This restriction lasts
23 forever. *See id.* § 6.1. Reynolds' own top executive confirmed that Section
24 4.5 prohibits CDK and Reynolds from accessing each other's DMS. Robert
25 Schaefer, Reynolds' Vice President of Data Services, has testified under oath to the
26 following: "Q: In this contract by its plain term Section 4.5, Reynolds agreed not
27 to access the CDK DMS; isn't that right? A: That would be correct." *Authenticom*
28 *Dkt. No. 163*, at 76:6–9. Mr. Schaefer offered similar sworn testimony with

1 respect to CDK's prohibition on access of Reynolds' DMS. *Id.* at 73:11–16;
2 75:16–76:1.

3 70. Further, the agreement also mandated coordination between the
4 competitors in transitioning all of CDK's vendor clients (*i.e.*, those vendors for which
5 CDK provided access to dealer data on the Reynolds DMS) into the Reynolds RCI
6 program. *See* Data Exchange Agreement § 4.4. In connection with that effort,
7 CDK agreed to give Reynolds full information about the vendors CDK served,
8 including their name, DMS number, store number, branch number, user login,
9 specific data access provided by CDK, data interfaces, the frequency of the data
10 provided, the deadlines for data delivery, the format of the data, and more. *See id.*
11 § 4.3, Exhibit DEA-2. Absent an agreement not to compete, CDK would treat
12 this information as a highly confidential customer trade secret and would not share
13 it with rivals. Indeed, Mr. Schaefer of Reynolds admitted under oath that
14 Reynolds would never share such highly sensitive information with a competitor
15 absent an agreement with that competitor. *Authenticom* Dkt. No. 163, at 80:16–81:5.

16 71. **Integration Agreements.** Two additional written agreements
17 between CDK and Reynolds “granted reciprocal access” to each other's data
18 integration products—via the 3PA and RCI programs, respectively. Under the
19 agreements, CDK's proprietary products and services could integrate with data on
20 Reynolds DMS's via RCI, and vice versa. Reynolds received five free years of 3PA
21 integration from CDK, while CDK pays for the data integration services from
22 Reynolds. Moreover, by signing up for 3PA, Reynolds agreed that it would integrate
23 with data on CDK's DMS's exclusively through 3PA, and not obtain data for its
24 products and services from anywhere else. CDK agreed to the same in its integration
25 contract with Reynolds for the RCI program.

26 72. In addition to the written agreements, senior CDK and Reynolds
27 executives have also admitted that they agreed to restrict access to dealer data and
28 destroy data integrators such as Authenticom, SIS, and others. In fact, during a

1 phone conversation with Steve Cottrell, Authenticom’s founder and CEO, in May
2 2015, Mr. Schaefer of Reynolds said that Reynolds had “made agreements with the
3 other major DMS providers”—there is only CDK—“to support each other’s third-
4 party access agreements *and* to block independent integrators such as
5 Authenticom.” *Authenticom* Dkt. No. 164, at 139:6–13. Mr. Schaefer said that
6 Reynolds’ owner, Bob Brockman, was “adamant” that all third-party data
7 integrators must be cut off. *Id.* As a result, Mr. Schaefer said that Authenticom
8 should wind down its operations and leave the market. *Id.* at 138:3–139:19.

9 73. A top executive at CDK delivered the same message to Mr. Cottrell.
10 *Id.* at 140:1–143:1. On April 3, 2016, at an industry convention in Las Vegas,
11 Dan McCray (CDK’s former Vice President of Product Management) stopped
12 by Authenticom’s booth to talk with Mr. Cottrell, who was occupied with a
13 customer. *Id.* After Mr. Cottrell finished with the customer, he walked to CDK’s
14 booth, where he saw Mr. McCray “standing off to the side” with “three other
15 individuals.” *Id.* After cordial greetings, Mr. McCray took Mr. Cottrell by the
16 arm and said, “Let’s take a walk.” *Id.* Mr. McCray then confirmed the existence
17 of the illegal agreement, stating that CDK and Reynolds had agreed to “[l]ock you
18 and the other third parties out,” and that they were “working collaboratively to
19 remove all hostile integrators from our DMS system.” *Id.* at 140:1–143:1. Mr.
20 McCray then grew threatening and stated, “I admire you. I admire your company.
21 I’d really like to see you get something for it before I f*cking destroy it.” *Id.* at
22 142:9–12. Mr. Cottrell rejected Mr. McCray’s threats, and insisted that
23 Authenticom would continue to serve its dealer and vendor customers. *See id.* at
24 142:13–143:1.

25 74. Upon information and belief, CDK’s and Reynolds’ conspiracy was
26 formed and implemented by top-level executives at each company. For CDK,
27 the leading actors in the conspiracy include Robert N. Karp, the President of CDK
28 North America and the person with oversight of CDK’s 3PA program; Howard

1 Gardner, CDK's Vice President and Manager of Data Strategy and the person
2 who took the lead on the February 2015 agreement; Dan McCray, CDK's
3 recently retired Vice President of Product Management; Ron Workman, CDK's
4 Senior Vice President of Global Corporate Development, who signed the
5 February 2015 agreement; Kevin Distelhorst, CDK's Chief Customer Officer, the
6 founder of IntegraLink, and a former executive at Reynolds; and Malcolm
7 Thorne, CDK's former Chief Global Strategy Officer and the person who took the
8 lead on spearheading the changes to 3PA in 2014 and 2015.

9 75. Upon information and belief, for Reynolds, the leading actors in the
10 conspiracy include Bob Brockman, Reynolds' Owner, Chairman, and CEO, and
11 the person who approved and executed the February 2015 agreement and
12 formulated the policy to eliminate competitive data integrators through blocking;
13 and Robert Schaefer, Reynolds' Vice President of OEM Relations, Data Services,
14 and Security—the person in charge of the RCI program.

15 76. In the wake of their agreements, CDK and Reynolds have aggressively
16 blocked data integrators and other third parties from accessing their DMS. By
17 eliminating the use of other data integrators, CDK has required dealers who use
18 CDK's DMS also to use CDK's 3PA service.

19 **2. CDK's and Reynolds' Exclusive Dealing Provisions with** 20 **Vendors and Dealers**

21 77. Shortly after entering into the Data Exchange Agreement, CDK began
22 “renegotiating” its contracts with vendors for 3PA access (actually, cancelling
23 existing contracts and forcing vendors like Plaintiffs to sign new contracts).
24 Consistent with its decision to close its DMS, CDK, like Reynolds, imposed
25 exclusive dealing provisions that required vendors to use 3PA alone to integrate with
26 data on CDK DMS for all of their products and services. CDK also took the new
27 position that, notwithstanding their plain language, its existing contracts with dealers
28 prohibited allowing data integrators to access CDK DMS.

a. **CDK and Reynolds Imposed Exclusive Dealing and Pricing Secrecy Provisions in Their Access Agreements**

78. Plaintiff PartProtection's 3PA contract includes an exclusive dealing provision in Section 1(e): [REDACTED]

[REDACTED] (3PA Agreement, attached as Exhibit 1 (emphasis added).) The exclusive dealing provision purports to apply to nearly every PartProtection product and service, so that the use of 3PA for any one of PartProtection's current offerings essentially requires PartProtection to use 3PA for all current and future offerings. If PartProtection breaches this provision by using another data integrator, CDK may terminate the entire agreement. (*Id.* § 4(b).)

79. Reynolds' RCI agreements contain substantially similar provisions and give Reynolds an exclusive right to access dealer data on the Reynolds DMS for purposes of data integration and syndication, to the exclusion of all others. Indeed, a draft RCI agreement sent by Reynolds to PartProtection in 2018, and the parties' RCI agreement from 2014, provide that [REDACTED]

[REDACTED] (RCI Agreement, attached as Exhibit 2, §§ 1.10, 2.5.3.) Like CDK, Reynolds reserves the right to terminate a vendor's access if it breaches this exclusive dealing provision. (*Id.* § 2.5.3.1.)

80. These exclusive dealing provisions even prohibit Plaintiffs from sharing dealer data between their own products and services because Plaintiffs' solutions cannot receive dealer data from any source other than 3PA or RCI even where each such product or service is separately paying Defendants to access the exact same data. Because Plaintiffs cannot share data between their solutions, they are essentially prohibited from having their solutions work together, and must pull dealer data from the DMS each time it is needed. That is a very inefficient and

1 highly anticompetitive process. It also means that Defendants can charge repeatedly
2 for access to the same data in addition to thwarting Plaintiffs' ability to integrate
3 their solutions.

4 81. The 3PA and RCI contracts also include price-secrecy provisions.
5 Section 8 of the 3PA agreement provides: [REDACTED]

6 [REDACTED]
7 [REDACTED]
8 [REDACTED] (Ex.

9 1, 3PA Agreement.) Reynolds' RCI agreements similarly bar counterparties from
10 disclosing Reynolds' [REDACTED] including data integration prices.
11 (Ex. 2, RCI Agreement, ¶¶ 1.3, 2.7.) In other words, Defendants prevent vendors,
12 such as PartProtection, from disclosing their integration costs to dealerships, even
13 though the vendors frequently pass those costs on to the dealers.

14 82. The exclusive dealing terms in PartProtection's 3PA contract
15 purportedly last forever. The contract states: [REDACTED]

16 [REDACTED]
17 [REDACTED] (Ex. 1, 3PA Agreement, § 4(a).) This provision
18 seeks to tie the vendor to the 3PA program indefinitely. Even if a vendor were to
19 stop participating in the 3PA program, it would still be barred from obtaining data
20 from any CDK dealer from any other source. That gives CDK carte blanche to raise
21 integration prices once they enter the 3PA program because vendors need integration
22 with data on the CDK DMS.

23 83. The 3PA contract also bars PartProtection from indicating that an
24 increase in the price of products or services is related to an increase in the integration
25 fees charged by CDK: [REDACTED]

26 [REDACTED]
27 [REDACTED]
28 [REDACTED]

1 (Id. § 8.)

2 84. CDK swiftly and harshly punishes vendors that violate its “price-
3 secrecy” mandate and threaten to expose its supracompetitive pricing to dealers or
4 the public. For example, in early 2015, TradeMotion and PartProtection developed
5 an exciting business opportunity with Nissan North America (“Nissan”) in which
6 Nissan planned to launch a pilot program in which it would expand its contractual
7 relationship with i3 Brands and offer TradeMotion and PartProtection to
8 wholesalers. TradeMotion and PartProtection believed that, through their
9 contemplated partnership with Nissan, they would substantially expand their
10 customer bases. To launch the pilot program, they needed to become “certified” by
11 CDK to integrate with CDK’s DMS and provide a streamlined workflow based on
12 real-time DMS data.

13 85. On March 19, 2015, TradeMotion, PartProtection, CDK, and Nissan
14 personnel participated in a conference call to discuss the pilot program expanding
15 the existing contractual relationship. Among other topics, the parties discussed the
16 cost to Nissan if Nissan billed the dealers directly for their DMS access or absorbed
17 the cost. Even though CDK representatives later stated the pilot program was “very
18 appealing,” upon determining that Nissan’s proposal could take market share from
19 one of CDK’s largest customers, CDK looked for a way to derail the project. To
20 that end, it refused to finalize integration for TradeMotion and PartProtection and
21 terminated TradeMotion’s access agreement on the basis that they had disclosed
22 TradeMotion’s integration prices to Nissan in breach of its “price secrecy”
23 obligations. Of course, this was just a thinly veiled attempt by CDK to prevent auto
24 dealers from learning of its supracompetitive prices and sabotage a project that posed
25 a threat to its business.

26 **b. The Vendor and Dealer Exclusive Dealing Provisions**
27 **Are Anticompetitive**

28 86. The exclusive dealing provisions are independently anticompetitive.

1 They foreclose all competition in the Dealer Data Integration Market for
 2 approximately 40% of dealers who use CDK DMS (and an even greater percentage
 3 when considered in terms of the number of new cars sold). And they foreclose all
 4 competition in the Single-Brand Aftermarket for Dealer Data Integration on
 5 Defendants' DMS. From the perspective of vendors, the foreclosure is even more
 6 extreme. For example, if a vendor participates in CDK's 3PA program for even a
 7 single CDK dealer, that vendor may no longer access any CDK DMS through any
 8 means other than through 3PA for any CDK dealer and for any product or service.
 9 Reynolds also imposes similar exclusive dealing requirements.³⁸

10 **C. Defendants' Actions Have Harmed Competition**

11 87. CDK's illegal horizontal agreement with Reynolds and its
 12 anticompetitive exclusive dealing provisions have severely harmed competition in
 13 the Dealer Data Integration Market to the detriment of solutions that rely on data
 14 integration services. CDK and Reynolds currently have a monopoly on data
 15 integration for their respective DMS. This monopoly has had predictable effects:
 16 prices have skyrocketed and quality has stagnated or even decreased. CDK's internal
 17 documents candidly explain that this was precisely CDK's goal. It needed to
 18 "close" its DMS because otherwise the dramatically increased prices would cause
 19 vendors "to move to [other data integrators] instead of accept increase price."³⁹
 20 *Authenticom* Dkt. No. 163, at 134:6-21.

21 88. Even though Plaintiffs and other vendors pass through a portion of
 22 CDK's and Reynolds' inflated data integration costs to dealers, many vendors
 23 (including Plaintiffs) have no choice but to absorb some of the increased data
 24 integration fees because dealers are unable or unwilling to pay such excessive fees.
 25 This results in slashed development budgets, support, and other investments in their
 26 products and services. These cost-cutting measures ultimately reduce the quality of

27
 28 ³⁸ *Autoloop* Compl. ¶ 126.

³⁹ *Autoloop* Compl. ¶ 127.

1 such products and services.⁴⁰

2 89. The increased data integration prices and reduced quality of data
3 integration services have also “tilted the table” in favor of Defendants’ own offerings
4 because their products and services do not have to pay excessive data integration
5 fees, and those solutions have near real-time, read and write integration to all
6 necessary dealer data on the DMS.⁴¹

7 90. Additionally, vendors have had to scale back the functionality of their
8 products and services or pull them off the market entirely. For example, at the
9 *Authenticom* hearing, Alan Andreu of vendor Dominion testified that Dominion had
10 to shutter one application because the cost of integration fees exceeded the cost of
11 the product itself. *Authenticom* Dkt. No. 165, at 35:14–20. Likewise, Michael Korp,
12 owner of the vendor Open Recalls, testified that he could not afford CDK’s and
13 Reynolds’ high integration prices. *Authenticom* Dkt. No. 162, at 194:6–195:8. He
14 had therefore been forced to rely on Authenticom for integration, but CDK’s
15 blocking has forced the vendor to lay off employees and halt plans for growth. *Id.*
16 at 192:3–16.⁴²

17 **1. Plaintiffs’ and Other Vendors’ Data Integration Prices Have**
18 **Skyrocketed**

19 91. CDK and Reynolds have drastically increased the prices they charge
20 for their data integration services (3PA and RCI) since 2015. These prices are now
21 far higher than the prices that would exist in a competitive Dealer Data Integration
22 Market.⁴³

23 92. CDK formally announced a “refreshed” 3PA program on June 22,
24 2015—just a few months after its collusive agreement with Reynolds—as part of its
25

26 ⁴⁰ *Autoloop* Compl. ¶ 128.

27 ⁴¹ *Autoloop* Compl. ¶ 129.

28 ⁴² *Autoloop* Compl. ¶ 131.

⁴³ *Autoloop* Compl. ¶ 132.

1 “SecurityFirst” initiative. This initiative used data security as the pretext for
2 “closing” the DMS and imposing massive price increases on vendors.⁴⁴

3 93. Indeed, in March 2015, a CDK representative informed PartProtection
4 that it could integrate with CDK’s DMS for a monthly fee of \$55–\$75, depending
5 on the volume of business conducted by PartProtection. In February 2016 (*i.e.*, after
6 CDK launched its “refreshed” program), CDK raised its price quote to **\$139**—
7 approximately 150% greater than the price CDK had quoted PartProtection one year
8 earlier. In April 2016, after PartProtection protested CDK’s outrageous demands,
9 the parties agreed upon a price of \$[REDACTED]. By April 2017, though, CDK had used its
10 leverage over PartProtection to increase its integration fee to \$[REDACTED] per month. Thus,
11 at a minimum, CDK raised PartProtection’s integration price **65%** in the two years
12 after it executed its anticompetitive agreements with Reynolds and “refreshed” its
13 data integration program.

14 94. After entering into the unlawful 2015 agreement with CDK, Reynolds
15 has also increased its RCI prices far higher than it could if there were any
16 competition. Every year, RCI has increased i3 Brand’s prices by approximately four
17 percent. Furthermore, the same year that CDK and Reynolds memorialized their
18 anticompetitive agreement, Reynolds began charging Plaintiffs a fee for each
19 “transaction” between their applications and the Reynolds DMS. In other words,
20 Reynolds now charges Plaintiffs an additional fee every time certain of its
21 applications accesses the DMS. For applications that require frequent
22 communication with the DMS—such as scheduling software—transaction fees
23 alone can cost Plaintiffs hundreds of dollars per dealer per month. Given the
24 combination of Reynolds’ exorbitantly high standard integration fees and its
25 transaction fees, many dealers pay more in fees than Plaintiffs charge for their
26 products. Other vendors have seen the cost of integration fees charged by Reynolds
27

28 ⁴⁴ *Autoloop Compl.* ¶ 133.

1 increase by similar margins, and have been forced to pay transaction fees.⁴⁵

2 95. Plaintiffs are not alone in being forced to pay these extreme prices. For
 3 example, at the *Authenticom* hearing, a witness for vendor Dominion Enterprises
 4 testified that his company paid \$30 per dealer per month for data integration with
 5 Authenticom, but now is paying CDK \$247 for the same service. *Authenticom* Dkt.
 6 165, at 30:16–25. At that same hearing, vendor AutoLoop testified that it had paid
 7 \$160 per dealer per month for 3PA in 2014, which increased to \$694 in 2016 and
 8 \$735 in July 2017. *Id.* at 61:23–62:21; *see also Authenticom*, 2017 U.S. Dist. LEXIS
 9 109409 at *14 (describing testimony of Dominion and Autoloop relating to CDK’s
 10 escalating data integration fees).

11 96. By increasing Plaintiffs’ integration fees so dramatically, Defendants
 12 have significantly raised the costs of Plaintiffs’ solutions. Plaintiffs pass on a portion
 13 of these integration fees as data integration surcharges, and such surcharges are a
 14 substantial percentage of the total monthly cost of their DMS-integrated solutions.

15 97. The current 3PA and RCI prices are also much higher than the prices
 16 that were charged by competing data integrators prior to CDK’s and Reynolds’
 17 illegal agreement in 2015. For example, PartProtection has data integration
 18 agreements with other providers under which it pays between \$25–55 per month.

19 **2. Defendants’ Anticompetitive Conduct Has Tilted the Table**
 20 **in Favor of Their Applications and Interests to the Detriment**
 21 **of Plaintiffs’ and Other Vendors’ Applications**

22 98. In addition to raising prices for data integration services to
 23 supracompetitive levels, Defendants now provide inferior services to third-party
 24 vendors to “tilt the table” in favor of their own interests and applications. Malcolm
 25 Thorne, CDK’s former chief strategy officer, has admitted under oath that 3PA
 26 “protect[ed] CDK products through a tilt-the-table approach.” *Authenticom* Dkt. No.
 27 163, at 140:11–25. And CDK’s internal documents state that one of the “3PA

28 ⁴⁵ *Autoloop* Compl. ¶ 138.

1 Program Principles” is to “[p]rotect CDK Products through a ‘tilt-the-table’
2 approach” and to “[k]eep value add advantage to CDK-layered applications.” *Id.* at
3 139:2–140:25.⁴⁶

4 99. Defendants restrict Plaintiffs’ and other vendors’ access to and rights
5 regarding dealer data on their DMS for no reason other than to make their offerings
6 more difficult to use or to reduce the features and functionality of those products,
7 thereby harming Plaintiffs and other vendors, and providing an artificial advantage
8 to Defendants’ own competing interests and products.⁴⁷

9 100. For example, in February 2015, Ford Motor Company (“Ford”) and i3
10 Brands discussed the possibility that Ford would offer PartProtection to its
11 customers under the private label “Service PartCARE” at thousands of Ford
12 dealerships. To facilitate the program, Ford needed TradeMotion and PartProtection
13 to complete integrations with its DMS providers, including Reynolds. But Reynolds,
14 which planned to ultimately purchase TradeMotion and PartProtection, did not want
15 their valuations to increase significantly before an acquisition. Accordingly,
16 Reynolds stalled their integration and ultimately only provided very limited
17 integration. TradeMotion and PartProtection, having no recourse because of
18 Defendants’ duopoly and anticompetitive behavior, were forced to accept whatever
19 integration Reynolds would allow.

20 101. In April 2015, Ford even demanded that Reynolds complete integration
21 for TradeMotion and PartProtection so that it could launch the program with its
22 dealers, but Reynolds *still* refused to integrate them. Although Ford and
23 PartProtection executed a Letter of Intent regarding Service PartCARE in October
24 2015, Ford ultimately declined to launch the project beyond the pilot because
25 PartProtection and TradeMotion could not obtain the integration they needed from
26 Reynolds. PartProtection and TradeMotion lost out on sales worth potentially

27
28 ⁴⁶ *Autoloop* Compl. ¶ 145.

⁴⁷ *Autoloop* Compl. ¶ 146.

1 millions of dollars due to Reynolds' actions.

2 102. As another example of "tilting the table," CDK limits how frequently
3 its applications can send data to, or receive data from, the DMS. Whereas
4 independent integrators like SIS were able to exchange data with the DMS in less
5 than 30 seconds, PartProtection's contract with CDK limits data exchanges to once
6 every 15 minutes. Other vendors experience similar restrictions on their ability to
7 access data in the DMS. CDK's own applications, however, are able to
8 communicate with the DMS in near-real time.⁴⁸

9 103. CDK and Reynolds also force Plaintiffs to go through onerous
10 "certification" exercises that serve no purpose other than to provide them with
11 valuable and confidential proprietary information about their products. They have
12 demanded that Plaintiffs: (a) provide proprietary information about the functionality
13 of their products; (b) conduct live demonstrations of their products during which
14 employees ask detailed questions about their technology; (c) provide a "workflow"
15 model showing how each product uses data; and (d) justify how Plaintiffs' product
16 will use each data element. On information and belief, Defendants impose similarly
17 invasive certification requirements on other vendors.⁴⁹

18 **D. Defendants' Anticompetitive Conduct Has No Pro-Competitive**
19 **Justification**

20 104. There are no pro-competitive justifications for Defendants'
21 anticompetitive behavior. CDK and Reynolds have claimed that "closing" their
22 DMS is necessary to protect "data security" because, they assert, other data
23 integrators are "unsecure." But that is simply not true.⁵⁰

24 105. *First*, there is nothing unusual or unsecure about third parties
25 integrating with the DMS on the dealer's behalf. CDK itself owns two data
26

27 ⁴⁸ *Autoloop* Compl. ¶ 149.

28 ⁴⁹ *Autoloop* Compl. ¶ 150.

⁵⁰ *Autoloop* Compl. ¶ 151.

1 integrators (DMI and IntegraLink) that interact with and syndicate data in the same
2 way as other data integrators. Malcolm Thorne—CDK’s then chief strategy
3 officer—told *Automotive News* in March 2015 that “the pull process of extracting
4 data is as safe as pushing out.” David Barkholz, *Dealerships Work To Safeguard*
5 *Data as Security Breaches Loom*, *Automotive News* (Mar. 9, 2015). Indeed, until
6 they entered their agreement in February 2015, CDK pulled data using login
7 credentials from Reynolds dealers (and still does today pursuant to the “wind down”
8 agreement). And Reynolds for over a decade consistently allowed third-party access
9 to its DMS. It was only after Mr. Brockman acquired Reynolds in 2006 that it
10 changed its position with respect to competitors’ access.⁵¹

11 106. **Second**, at the *Authenticom* hearing, CDK was unable to offer a single
12 example of a data-security incident involving any independent data integrator. *See*
13 *Authenticom*, 2017 U.S. Dist. LEXIS 109409 at *6. Reynolds could cite only a
14 single incident (not involving data security) in which a query became stalled, but the
15 problem was quickly and easily resolved. This is not surprising given that the
16 methods used by third parties to integrate with the DMS are standard methods
17 employed by integrators in multiple industries. The standard methods that work in
18 other industries would work here.⁵²

19 107. **Third**, based on Plaintiffs’ experience with Defendants’ onerous
20 certification processes, they do not ask any questions actually related to vendors’
21 security practices, such as how it secures data it retrieves from the DMS during
22 transit and storage. Rather, Defendants seek proprietary information about the
23 functionality of software applications provided by vendors such as
24 PartProtection—the type of information one would want to know about a
25 competitor’s products in order to gain a competitive advantage against third-party
26

27 ⁵¹ *Autoloop Compl.* ¶ 152.

28 ⁵² *Autoloop Compl.* ¶ 155.

1 vendors.⁵³

2 108. **Fourth**, the *Authenticom* court even determined that CDK failed to
3 adduce any evidence that the higher prices it charged for data integration improved
4 “security.” 2017 U.S. Dist. LEXIS 109409 at *23 (“Defendants explain that the
5 costs are justified because they undertake the burden of maintaining the DMS and
6 preserving its security. I am not persuaded . . .”).

7 109. **Finally**, Defendants’ actions show that their commitment to “security”
8 is questionable, at best. For example, after Reynolds purchased Parts.com and
9 TradeMotion from i3 Brands in 2017, it inexplicably cancelled their subscription to
10 an online security program called HackmyCF, which cost just \$100 per month. Sure
11 enough, on July 27, 2018, TradeMotion, under the ownership of Reynolds, sent out
12 a letter to customers informing them that it had experienced a *data breach* on five
13 separate occasions between October 2017 and May 2018. Similarly, Mr.
14 Brockman’s personal website, “http://bobbrockman.com,” is an *unsecure* webpage
15 (*i.e.*, the data on it is not encrypted, as it would be on a secure “https” website) that
16 is *hosted by Reynolds*, making it potentially vulnerable to attack. At the *Authenticom*
17 hearing, a representative of the vendor, Dominion Dealer Solutions, also opined that
18 Reynolds’ methods are “comically” and “horribly insecure.” *Authenticom* Dkt. 165,
19 at 43:5–14.

20 **II. i3 BRANDS’ BUSINESSES SUFFER AS A RESULT OF** 21 **DEFENDANTS’ ANTICOMPETITIVE AGREEMENTS**

22 110. As described above, CDK and Reynolds have damaged Plaintiffs and
23 other vendors through their anticompetitive agreements and by charging vendors
24 supracompetitive integration fees. Since Defendants memorialized their
25 anticompetitive agreements, though, Reynolds has also harmed Plaintiffs in other
26 capacities as well. **First**, Defendants’ anticompetitive behavior substantially
27

28 ⁵³ *Autoloop* Compl. ¶ 157.

1 depressed the value of i3 Brands' businesses, and forced i3 Brands to sell Parts.com
2 and TradeMotion to Reynolds at artificially low prices. **Second**, Reynolds used its
3 monopolistic leverage to lure PartProtection into an illusory "partnership" and then
4 steal PartProtection's confidential and proprietary information to start a competing
5 product it hopes will drive PartProtection out of business.

6 **A. i3 Brands Is Forced To Sell Parts.com and TradeMotion at a**
7 **Substantially Discounted Price**

8 111. In November 2015, Reynolds approached i3 Brands about the
9 possibility of acquiring TradeMotion and Parts.com. Based in substantial part on
10 the outrageous integration fees Defendants charged Parts.com and TradeMotion (for
11 which i3 Brands had no recourse), i3 Brands had concerns about the long-term
12 viability of Parts.com and TradeMotion. Accordingly, it engaged in discussions with
13 Reynolds in the ensuing months concerning a potential transaction.

14 112. On January 13, 2017, Reynolds formally offered to purchase the assets
15 of TradeMotion, Parts.com, and the trade name, "PartShield," for \$[REDACTED] million.
16 Reynolds' offer was based on a valuation methodology that incorporated a multiple
17 of the earnings of TradeMotion and Parts.com in the previous year. i3 Brands
18 attempted to negotiate a higher price for its businesses, but Reynolds refused to
19 increase its offer. Based in large part on its increasing data integration costs, i3
20 Brands had no choice but to sell its businesses to Reynolds at the offered price. Thus,
21 in April 2017, it sold Parts.com and TradeMotion to Reynolds for \$[REDACTED] million and
22 decided to focus on PartProtection.

23 113. As i3 Brands would later learn after it sold its businesses to Reynolds,
24 the pressure it felt to sell Parts.com and TradeMotion was actually a consequence of
25 Defendants' nefarious actions, and those actions substantially drove down the value
26 of its businesses. **First**, Defendants' clandestine conspiracy to eliminate all
27 competition in the data integration market since 2015 had been forcing i3 Brands to
28 pay inflated prices dictated by Defendants rather than the market. Those heightened

1 costs substantially reduced the earnings of Parts.com and TradeMotion, and,
2 necessarily, their business valuations. **Second**, Defendants' conspiracy gave
3 Reynolds the leverage it needed to shut down TradeMotion's potentially lucrative
4 business opportunity with Ford and keep TradeMotion's valuation from increasing.
5 **Finally**, Reynolds diminished the value of TradeMotion by acquiring businesses that
6 competed with it even though Reynolds had agreed to promote TradeMotion's
7 product and not competing products.

8 **1. The Value of i3 Brand's Assets Was Substantially Reduced**
9 **By Defendants' Undisclosed Anticompetitive Agreements**

10 114. As described above, TradeMotion and Parts.com each must access a
11 DMS owned and maintained by Reynolds or CDK to operate their respective
12 businesses. Thus, the integration costs they pay to access those DMS substantially
13 influence their earnings and profit margins. Based on Defendants' conspiracy, i3
14 Brands (and its businesses) incurred much higher integration costs than they
15 otherwise would have incurred in a competitive marketplace, and those artificially
16 inflated integration costs drove down the earnings of Parts.com and TradeMotion,
17 and, in turn, drove down their enterprise values.

18 115. Even in instances where i3 Brands was able to pass through its
19 integration costs to customers, the prices they charged were higher than they
20 otherwise would have been had the data integration market been competitive.
21 Accordingly, upon information and belief, customer demand for the services of
22 TradeMotion and Parts.com was artificially low as a result of Defendants'
23 anticompetitive conduct, which reduced the revenue and profits generated by those
24 businesses. Thus, Defendants' misconduct hurt TradeMotion and Parts.com's
25 market share and earnings, and also reduced their enterprise values.

26 116. Moreover, as described above, while Defendants charged vendors
27 supracompetitive prices for access to their DMS, they also "tilted the table" in favor
28 of their own products and interests. As one example, Defendants incurred minimal

1 data integration fees for their own products, but charged Plaintiffs (and other
2 vendors) bloated integration fees for products that competed with Plaintiffs’
3 products. Based on this illegal competitive advantage, Reynolds and CDK were able
4 to capture market share for their applications that, in a competitive market, would
5 have been captured by other vendors, including Parts.com and TradeMotion. Thus,
6 Defendants’ “tilt the table” tactics reduced the value of Parts.com and TradeMotion.

7 117. Defendants’ duopoly and anticompetitive behavior also positioned
8 them to act as “gatekeepers” that could eliminate competition by simply refusing to
9 provide integration to vendors. In fact, as described above, Reynolds deliberately
10 sabotaged i3 Brands’ pilot program with Ford because it knew that the program was
11 a lucrative opportunity for TradeMotion and PartProtection and, based on its interest
12 in purchasing those brands at a low price, it did not want them to become more
13 valuable. (*See* Section (I)(c)(2), *supra*, at ¶¶ 100–101.) By using its control of the
14 marketplace to sabotage that opportunity with Ford, Reynolds prevented
15 TradeMotion from recognizing additional earnings and decreased its enterprise
16 valuation.

17 **2. Reynolds Also Decreased the Value of TradeMotion By**
18 **Breaching the Parties’ Reseller Agreement**

19 118. Reynolds also lowered the value of TradeMotion by blatantly breaching
20 a non-compete agreement in a “Reseller Agreement” between Reynolds and
21 TradeMotion.

22 119. In 2004, TradeMotion and Reynolds entered into their first of several
23 Reseller Agreements under which Reynolds agreed to act as an independent sales
24 agent of TradeMotion for the promotion and marketing of TradeMotion’s solutions
25 to automobile dealers and/or dealer groups. TradeMotion and Reynolds renewed
26 their agreement every two to three years, including for the periods June 2014–June
27 2016 and June 2016–June 2018.

28 120. Under the Reseller Agreement, Reynolds agreed that it would

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED] (Reseller Agreement, attached as Exhibit 3, at
5 3.) Naturally, to avoid a conflict of interest, Reynolds also agreed that it would [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED] (*Id.* at 10.)

9 121. Reynolds nevertheless purchased *two* entities that competed with
10 TradeMotion during the period in which it had coveted not to offer any rival
11 eCommerce solutions. Most pertinently, in January 2014, it purchased AddOnAuto,
12 which directly competed with TradeMotion in that it provided auto dealers with
13 online catalogs that streamlined the process of purchasing auto parts. In fact,
14 according to a news release dated January 24, 2014, Sidney Haider, now a Reynolds
15 Vice President, stated that AddOnAuto's technology "redefined electronic shopping
16 for vehicle accessories."

17 122. By acquiring and operating AddOnAuto, Reynolds not only breached
18 the non-compete provision in the Reseller Agreement, but also usurped business
19 opportunities that would have been available to TradeMotion had Reynolds acted as
20 a loyal agent. In fact, once Reynolds acquired AddOnAuto, it promoted
21 TradeMotion far less and TradeMotion's revenues fell considerably. Further, in
22 October 2018, Reynolds reported that 125 dealerships that used AddOnAuto had
23 sold a total of \$56 million of accessories in 2017. Thus, not only did Reynolds
24 depress the value of TradeMotion through its anticompetitive conspiracy with CDK,
25 it also reduced the value of TradeMotion through its blatant breach of its covenant
26 not to compete with TradeMotion in the Reseller Agreement.

27 123. Defendants' misconduct significantly diminished the earnings of
28 TradeMotion and Parts.com, which put artificial pressure on i3 Brands to sell those

1 entities, and ultimately forced i3 Brands to sell them for millions less than they
2 would have been worth but for Defendants' conspiracy.

3 **B. Reynolds Steals PartProtection from i3 Brands**

4 124. In perhaps the most egregious example of "tilting the table," Reynolds
5 not only sought to disadvantage PartProtection through its anticompetitive behavior,
6 but devised and executed a scheme to steal its trade secrets and create a competing
7 product derived those trade secrets that Reynolds hopes will drive PartProtection out
8 of business.

9 125. In 2015, PartProtection was a brand new internet-based concept
10 through which purchasers of automobiles could purchase extended warranties on
11 their OEM parts, and Reynolds saw great potential in that business. In fact, a
12 Reynolds executive stated at a meeting with Mr. Lucas that PartProtection was the
13 best product he had seen in the 30 years he had worked with Reynolds CEO, Bob
14 Brockman. Reynolds expressed interest in purchasing PartProtection from i3
15 Brands, but i3 Brands refused to sell because it believed that PartProtection would
16 become a very successful enterprise in the coming years.

17 126. Frustrated that i3 Brands would not sell PartProtection, Reynolds
18 concocted a multi-step scheme to *steal* PartProtection from i3 Brands. **First**, it lured
19 Plaintiffs into an agreement under which Reynolds would promote PartProtection at
20 dealerships that used its DMS and pay PartProtection a royalty for every policy
21 issued at those dealerships. **Second**, having established a relationship of trust with
22 PartProtection, Reynolds persuaded Plaintiffs that it needed to access all of
23 PartProtection's trade secrets and confidential information to promote
24 PartProtection at its dealerships. **Finally**, after Reynolds procured PartProtection's
25 trade secrets through dishonest and improper means, it used them to create a
26 competing product through which it intends to put PartProtection out of business and
27 capture the entire market for itself.
28

1 **1. Reynolds Executes a Partnership Agreement with**
2 **PartProtection**

3 127. The first component of Reynolds' scheme was to lure PartProtection
4 into a partnership agreement. To that end, in early 2017, Reynolds offered to
5 promote PartProtection in dealerships that used its DMS and pay PartProtection a
6 substantial royalty for every policy that those dealerships sold through
7 PartProtection. i3 Brands was excited about this opportunity, which it projected
8 would generate annual profits in the millions for PartProtection. Thus, it accepted
9 Reynolds' offer.

10 128. By August 2017, the parties began to take steps to effectuate their
11 partnership agreement. Specifically, to ultimately deploy PartProtection, Reynolds
12 needed to access PartProtection's source code so it could integrate PartProtection
13 into its platform. Accordingly, in reliance on the parties' partnership agreement, and
14 with the understanding that its confidential, proprietary, and trade secret information
15 would be kept confidential by Reynolds, PartProtection permitted Reynolds to
16 access its source code.

17 129. On October 6, 2017, after i3 Brands executed a buyout agreement with
18 PartProtection's other shareholder, C&K Auto, for its shares of PartProtection, i3
19 Brands and Reynolds reduced their partnership agreement to writing. Unbeknownst
20 to i3 Brands, however, Reynolds had already removed PartProtection's source code
21 from its applications in September 2017. Thus, even though Reynolds entered into
22 a written agreement with PartProtection, it clearly had no intention of actually
23 promoting PartProtection's product.

24 130. The written agreement was titled "Agreement of Basic Terms"
25 ("ABT"). After the parties exchanged drafts of the ABT, Matt Zachary, a business
26 analyst at Reynolds sent i3 Brands an "**execution version** with changes accepted."
27 Sidney Haider, Reynolds' Vice President, also informed i3 Brands that he approved
28 of the ABT.

1 131. The ABT, as approved by Reynolds, provided that Reynolds would pay
2 PartProtection the following fees for each policy that PartProtection originated:

- 3 • No Fee for covered parts and/or labor up to \$50.00 in repair or
4 invoice value, excluding wearable parts policies;
- 5 • \$.50 (fifty cents) per covered parts and/or labor from \$50.01 to
6 \$250.00 in repair or invoice value, excluding wearable parts policies;
- 7 • \$1.00 per covered parts and/or labor from \$250.01 to \$500.00 in
8 repair or invoice value, excluding wearable parts policies;
- 9 • \$2.00 per covered parts and/or labor from \$500.01 and above in
10 repair or invoice value, excluding wearable parts policies;
- 11 • \$1.50 for each battery policy; and
- 12 • \$2.00 for each brakes and rotor policy (policy is per axle).

13 (Agreement of Basic Terms, attached as Exhibit 4.)

14 132. Based on the parties' projections, i3 Brands would have earned
15 anywhere from \$4–6 million per year based on PartProtection policies originated by
16 Reynolds. Moreover, i3 Brands, in part consideration for Reynolds' promise to
17 promote the PartProtection product, gave Reynolds a Right of First Refusal to
18 purchase PartProtection for the following *thirty years*. Based on that agreement, i3
19 Brands anticipated that its projected profit stream would continue throughout that
20 period, or at least until Reynolds purchased PartProtection. Thus, based on
21 agreements with Reynolds, Plaintiffs understood and expected that PartProtection
22 would become a lucrative and profitable enterprise based on its agreement with
23 Reynolds, alone.

24 **2. Reynolds Misappropriates PartProtection's Trade Secrets**

25 133. For Reynolds, the partnership with Plaintiff was just a vehicle through
26 which it intended to improperly access all of PartProtection's confidential,
27 proprietary, and trade secret information and then use that information to create a
28 competitor to harm PartProtection and drive it out of the market. Reynolds carefully
planned and executed this scheme to steal PartProtection's business as follows.

1 134. The parties had contemplated that Reynolds would promote
2 PartProtection under the “PartShield” name. Thus, in furtherance of its scheme, as
3 soon as i3 Brands acquired complete control of PartProtection, Reynolds had i3
4 Brands sign an “Acknowledgement” that (i) PartShield has “common characteristics
5 with i3 Brands’ PartProtection product,” and (ii) former i3 Brands employees now
6 employed by Reynolds could share PartProtection’s confidential, proprietary, and
7 trade secret information with Reynolds. (Acknowledgment, attached as Exhibit 5.)
8 Although the Acknowledgment appeared to be a mere formality to protect Reynolds
9 while it developed PartShield, Reynolds deceptively used it as a cover to access
10 PartProtection’s confidential, proprietary, and trade secret information without
11 arousing suspicion from Plaintiffs.

12 135. After procuring the Acknowledgment, Reynolds executives and
13 employees gathered intelligence about PartProtection from i3 Brands’ former
14 employees. PartProtection, operating under the belief that its “partner,” Reynolds,
15 merely requested this information to convert PartProtection in to PartShield,
16 provided Reynolds with confidential, proprietary, and trade secret information.
17 Among other confidential information, Reynolds accessed (based on false
18 pretenses):

- 19 • All of PartProtection’s proprietary source code for its software;
20 • PartProtection’s “eligibility file,” which took years of research and
21 development, containing PartProtection’s confidential database of
22 warranties it could offer for various auto parts and the prices of the
23 covered auto parts; and
24 • PartProtection’s confidential contracts with the companies that
25 agreed to underwrite the policies issued by PartProtection.

26 136. But, as Plaintiffs would later learn, Reynolds did not use
27 PartProtection’s proprietary information in good faith to promote PartProtection (or
28 PartShield). Instead, Reynolds used this information to construct a substantially
similar product that it intends to market under the name, “ReyShield.” Reynolds
used PartProtection’s source code to build out the platform for “ReyShield.” It also

1 used PartProtection’s “eligibility file” as a guide for the warranties it intends to offer
2 customers, and to create a business plan for its competing product. None of its uses
3 were permitted under its agreements with Plaintiffs. Finally, after viewing
4 PartProtection’s confidential underwriter agreements, it *contacted those*
5 *underwriters* and offered them contracts that were more favorable to them than their
6 agreements with PartProtection. Reynolds took all of these actions with the goal of
7 creating a competitor to PartProtection in an expedited manner and to put
8 PartProtection out of business—all in violation of its agreements with Plaintiffs.

9 137. Reynolds even recently hired PartProtection’s former Vice President of
10 Sales, Darren Forster, who knows all of the intricacies of PartProtection’s business.
11 Upon information and belief, it hired Mr. Forster to help launch its product that will
12 compete with PartProtection and usurp business opportunities from PartProtection.

13 138. Reynolds has not taken its competing product to market yet, but even if
14 only a majority of dealerships in business with Reynolds adopt it, it is estimated to
15 be worth *hundreds of millions* of dollars.

16 139. By making use of PartProtection’s confidential and proprietary
17 information and trade secrets, Reynolds was spared the expense of conducting its
18 own research and development. As noted above, Plaintiffs spent years developing
19 the PartProtection product and Reynolds has taken advantage of all of Plaintiffs’
20 hard work and been unjustly enriched.

21 140. Reynolds has violated its agreement to promote PartProtection and, in
22 fact, has refused to integrate PartProtection in its DMS. For example, Reynolds Vice
23 President, Sidney Haider, even informed Mr. Lucas on October 31, 2018 that: (i)
24 Reynolds would not abide by the ABT, or any prior agreement to partner with
25 PartProtection; (ii) Reynolds saw tremendous value in PartProtection’s product, but
26 it intended to capture that value through its own competing product, which Mr.
27 Haider referred to as “ReyShield”; and (iii) PartProtection should try to integrate
28 with CDK’s DMS instead. Of course, even if PartProtection could integrate with

1 CDK, it could not realistically compete with ReyShield. That is because ReyShield
2 would be able to offer lower prices because it would not need to pay integration fees
3 and it would benefit from other competitive advantages derived from Defendants'
4 anticompetitive conspiracy.

5 141. Plaintiffs have and will continue to be irreparably harmed when
6 Reynolds officially launches its competing product—a product that it created with
7 PartProtection's confidential, proprietary, and trade secret information. Plaintiffs
8 have also suffered millions of dollars in damages based on Reynolds' improper
9 conduct.

10 **COUNT I (CDK and Reynolds):**
11 **HORIZONTAL CONSPIRACY IN VIOLATION OF**
12 **SECTION 1 OF THE SHERMAN ACT**

13 142. Plaintiffs incorporate by reference the preceding allegations.

14 143. CDK and Reynolds entered into and engaged in an agreement in
15 restraint of trade in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1, and
16 Section 4 of the Clayton Act, 15 U.S.C. § 15.

17 144. CDK and Reynolds are horizontal competitors of one another in the
18 DMS market and the Dealer Data Integration Market.

19 145. The conspiracy between CDK and Reynolds consists of a continuing
20 agreement, understanding, or concerted action to eliminate competition in the DMS
21 market, the Dealer Data Integration Market and their respective brand-specific
22 aftermarkets. In furtherance of that conspiracy, in February 2015, CDK and
23 Reynolds entered into a written agreement pursuant to which they agreed to "close"
24 their DMS and not to compete in the Dealer Data Integration Market. CDK and
25 Reynolds also engaged in a group boycott to block all third-party access to their
26 respective DMS. The agreement not to compete between CDK and Reynolds is a
27 *per se* violation of the Sherman Act and is, in any event, an unreasonable and
28 unlawful restraint of trade and commerce.

1 146. The purposes of the conspiracy between CDK and Reynolds include (i)
2 to protect their DMS duopoly (thereby protecting their monopoly profits); (ii) to
3 protect their standalone applications; and (iii) to monopolize the DMS Market and
4 Dealer Data Integration Market so that they can reap monopoly profits.

5 147. Through their conspiracy, CDK and Reynolds have caused actual injury
6 to competition for applications and in the DMS Market, the Dealer Data Integration
7 Market and respective aftermarkets.

8 148. The CDK and Reynolds agreement has cut off access to dealer data that
9 solution providers need in order to compete with CDK and Reynolds.

10 149. CDK and Reynolds possess dominant positions in the DMS market,
11 which they have used to further the conspiracy.

12 150. CDK's and Reynolds' conspiracy and anticompetitive conduct in
13 furtherance thereof do not enhance efficiency or competition in any market. On the
14 contrary, their conduct has produced only anticompetitive effects.

15 151. As a proximate result of CDK's and Reynolds' unlawful conduct, for
16 which they are jointly and severally liable, Plaintiffs have suffered injury to their
17 business or property in an amount to be proven at trial and automatically trebled.

18 **COUNT II (CDK and Reynolds):**

19 **UNLAWFUL RESTRAINT OF TRADE IN VIOLATION OF**
20 **SECTION 1 OF THE SHERMAN ACT**

21 152. Plaintiffs incorporate by reference the preceding allegations.

22 153. CDK and Reynolds entered into contracts with dealers and vendors that
23 contain exclusive dealing provisions that unreasonably restrict trade or commerce in
24 violation of the Sherman Act, 15 U.S.C. § 1, and Section 4 of the Clayton Act, 15
25 U.S.C. § 15.

26 154. CDK and Reynolds' contracts with dealers provide that dealers cannot
27 provide any third parties with access to the DMS. Likewise, the contracts with
28 vendors provide that vendors cannot access the DMS except through 3PA and RCI.

1 These provisions are standard throughout CDK and Reynolds' contracts with dealers
2 and vendors.

3 155. CDK and Reynolds were able to impose these exclusive dealing
4 provisions on dealers and vendors as a result of their market power in the DMS
5 market and the respective dealer data integration aftermarket.

6 156. Because CDK and Reynolds imposed these exclusive dealing
7 provisions pursuant to their conspiracy to eliminate competition, they are *per se*
8 illegal. Nevertheless, whether entered into pursuant to CDK's agreement with
9 Reynolds or independently, their vertical restraints are unlawful because they have
10 led to increased prices and reduced output.

11 157. Through their exclusive dealing provisions, CDK and Reynolds have
12 injured competition in the DMS and Dealer Data Integration markets.

13 158. CDK and Reynolds' exclusive dealing agreements do not enhance
14 efficiency or competition in any market. On the contrary, the agreements have
15 produced only anticompetitive effects.

16 159. As a proximate result of CDK and Reynolds' unlawful conduct,
17 Plaintiffs have suffered injury to their business or property in an amount to be proved
18 at trial and automatically trebled.

19 **COUNT III (CDK and Reynolds):**

20 **UNLAWFUL MONOPOLIZATION IN VIOLATION OF**
21 **SECTION 2 OF THE SHERMAN ACT**

22 160. Plaintiffs incorporate by reference the preceding allegations.

23 161. CDK and Reynolds have unlawfully monopolized the aftermarket for
24 dealer data integration services with respect to dealer data stored on the CDK DMS,
25 in violation of Section 2 of the Sherman Act, 15 U.S.C. § 2.

26 162. When dealers purchase DMS services from CDK, they are "locked in"
27 to that purchase through a long-term contractual relationship and high switching and
28 information costs.

1 163. Because of customer lock-in in the primary DMS market, CDK and
2 Reynolds have monopoly power—and in fact have monopolized—the Dealer Data
3 Integration aftermarket on their DMS platforms. CDK and Reynolds have
4 demonstrated their ability to control prices and exclude competition by blocking
5 third-party access to their DMS by raising data access fees to supracompetitive
6 levels.

7 164. CDK and Reynolds used anticompetitive means to acquire and
8 maintain their monopoly, including, *inter alia*, by blocking third-party access to the
9 DMS, entering into an agreement pursuant to which they agreed that neither DMS
10 provider would provide third-party access to the other's DMS, and imposing
11 anticompetitive exclusive dealing arrangements on vendors and dealers.

12 165. As a direct and proximate result of CDK and Reynolds'
13 monopolization, Plaintiffs have suffered damage to their business or property in an
14 amount to be proven at trial and automatically trebled.

15 **COUNT IV (CDK and Reynolds):**

16 **VIOLATION OF THE CARTWRIGHT ACT**

17 166. Plaintiffs incorporate by reference the preceding allegations.

18 167. CDK and Reynolds engaged in a conspiracy in unreasonable restraint
19 of trade in violation of the California Cartwright Act, Cal. Bus. & Prof. Code § 16700
20 *et seq.*, for all the reasons set forth in the preceding allegations. This conspiracy is
21 a *per se* violation of the Cartwright Act and is, in any event, an unreasonable and
22 unlawful restraint of trade and commerce. CDK's and Reynolds' exclusive dealing
23 requirements are also unlawful under the Cartwright Act.

24 168. A substantial portion of the unlawful and unfair acts and practices
25 alleged herein occurred in California—where numerous dealers and Plaintiffs are
26 located—and harm to Plaintiffs, car dealers, and car buyers was suffered in
27 California.

28 169. As a direct and proximate result of CDK and Reynolds' unlawful

1 conduct, Plaintiffs have suffered injury to their business or property. Plaintiffs are
2 entitled to treble damages for the violations of the Cartwright act alleged herein.

3 **COUNT V (CDK and Reynolds):**

4 **UNFAIR PRACTICES IN VIOLATION OF CALIFORNIA UNFAIR**
5 **COMPETITION LAW**

6 170. Plaintiffs incorporate by reference the preceding allegations.

7 171. The California Unfair Competition Law (“UCL”), Cal. Bus. & Prof.
8 Code § 17200 *et seq.*, defines “unfair competition” to include, among other things,
9 any “unfair . . . business act or practice.”

10 172. CDK and Reynolds have engaged in “unlawful” business acts and
11 practices as alleged herein in violation of, among other laws, the Sherman Act, 15
12 U.S.C. §§ 1 and 2; the Cartwright Act, Cal. Bus. & Prof. Code § 16720; and common
13 law, including the tort of interference with prospective economic relations..

14 173. CDK and Reynolds’ acts and practices as alleged herein have been
15 “unfair” under the UCL. Defendants’ conduct—for instance, their “tilt-the-table
16 approach” in placing anticompetitive restrictions on competing services and
17 products that they do not place on their own corresponding solutions—has violated
18 the policy and spirit of the antitrust laws (namely, the Sherman Act, 15 U.S.C. §§ 1
19 and 2, and the Cartwright Act, Cal. Bus. & Prof. Code § 16720) and significantly
20 threatened and harmed competition for data integration services and among the
21 products and services that rely on those services. Furthermore, any utility from CDK
22 and Reynolds’ conduct does not outweigh the harm it causes to competitors, car
23 dealers, and car buyers.

24 174. A substantial portion of the unfair acts and practices alleged herein
25 occurred in California and the harm to application providers, car dealers, and car
26 buyers was inflicted in California, for all the reasons set forth in the preceding
27 allegations.

28 175. As a direct and proximate result of CDK and Reynolds’ unfair conduct,

1 Plaintiffs have suffered injury to their business or property. Plaintiffs are entitled to
2 restitution in an amount to be proven at trial.

3 **COUNT VI (Reynolds):**

4 **BREACH OF CONTRACT**

5 176. Plaintiffs incorporate by reference the preceding allegations.

6 177. In mid-2017, Reynolds and PartProtection reached an agreement under
7 which Reynolds would promote PartProtection's services to auto dealerships that
8 used Reynolds' DMS under the product name, "PartShield," and pay PartProtection
9 a royalty for each policy that it sold through that product.

10 178. After PartProtection acquired all outstanding shares of PartProtection
11 on October 6, 2017, PartProtection and Reynolds sought to put certain terms of the
12 agreement in writing. On October 6, 2017, Mr. Zachary, a Reynolds representative,
13 sent i3 Brands an "execution version" of an Agreement of Basic Terms, which
14 Reynolds Vice President, Sidney Haider, approved. That agreement contained terms
15 for Reynolds to promote the PartProtection product (as "PartShield") and a schedule
16 providing the royalties that Reynolds would pay PartProtection for every policy
17 generated by that product.

18 179. Mr. Lucas accepted Reynold's offer on behalf of i3 Brands and
19 PartProtection by signing the "execution version" of the Agreement of Basic Terms
20 and sending it to Reynolds.

21 180. The Agreement of Basic Terms is an enforceable contract.

22 181. Plaintiffs performed all of their obligations under the Agreement of
23 Basic Terms.

24 182. Reynolds has breached the Agreement of Basic Terms by failing to
25 promote PartProtection (as "PartShield") to Reynolds auto dealerships and by
26 misappropriating PartProtection's confidential, proprietary, and trade secret
27 information to create its own competing product.

28 183. As a proximate result of Reynolds' breach of contract, Plaintiffs have

1 suffered injury to their business or property in an amount to be proven at trial.

2 **COUNT VII (Reynolds):**

3 **PROMISSORY ESTOPPEL**

4 184. Plaintiffs incorporate by reference the preceding allegations.

5 185. In 2017, Reynolds promised it would promote PartProtection's services
6 to auto dealerships that used Reynolds' DMS under the product name "PartShield,"
7 and pay PartProtection a royalty for each policy that it sold through that product.

8 186. Mr. Zachary, a Reynolds representative, sent i3 Brands an "execution
9 version" of an Agreement of Basic Terms, which Mr. Haider approved, that reflected
10 the specific terms of Reynolds' promise to promote the PartProtection product (as
11 "PartShield") and a schedule providing the royalties that Reynolds would pay
12 PartProtection for every policy generated by that product.

13 187. i3 Brands reasonably relied upon Reynolds' promise to its detriment
14 when it provided PartProtection's source code to Reynolds and when it executed the
15 "Acknowledgment" that permitted Reynolds to access PartProtection's confidential,
16 proprietary, and trade secret information to fulfill its promise to promote
17 PartProtection.

18 188. Reynolds failed to fulfill its promise to partner with PartProtection and
19 promote its products. In fact, instead of promoting PartProtection, it stole
20 PartProtection's confidential, proprietary, and trade secret information to create a
21 competing product.

22 189. As a proximate result of Reynolds' acts, Plaintiffs have suffered injury
23 to their business or property in an amount to be proven at trial.

24 **COUNT VIII (Reynolds):**

25 **FRAUD**

26 190. Plaintiffs incorporate by reference the preceding allegations.

27 191. Reynolds knowingly misrepresented to Plaintiffs that it would promote
28 PartProtection's services to auto dealerships that used Reynolds' DMS under the

1 product name, “PartShield,” and pay PartProtection a royalty for each policy that it
2 sold through that product, and knowingly omitted the material fact that it actually
3 intended to lure PartProtection into a “partnership” agreement so it could steal
4 PartProtection’s confidential, proprietary, and trade secret information to create a
5 competitor to PartProtection.

6 192. Reynolds knowingly misrepresented to Plaintiffs that it needed to
7 access PartProtection’s confidential and proprietary information to effectuate its
8 partnership agreement with PartProtection, and knowingly omitted the material fact
9 that, upon procuring access to PartProtection’s trade secrets, it actually intended to
10 steal PartProtection’s confidential, proprietary and trade secret information to create
11 a competitor to PartProtection.

12 193. Plaintiffs justifiably relied to their detriment upon Reynolds’ false
13 statements and misrepresentations because they reasonably believed that Reynolds
14 intended to partner with PartProtection and promote it to dealerships.

15 194. As a proximate result of Reynolds’ acts, Plaintiffs have suffered injury
16 to their business or property in an amount to be proven at trial.

17 **COUNT IX (Reynolds):**

18 **TRADE SECRET MISAPPROPRIATION IN VIOLATION OF**
19 **CAL. CIVIL CODE § 3246**

20 195. Plaintiffs incorporate by reference the preceding allegations.

21 196. As set forth above, Reynolds has misappropriated and used Plaintiffs’
22 trade secrets, including without limitation information related to PartProtection’s
23 proprietary design, proprietary software, business models, eligibility files for auto
24 parts, and underwriting contracts.

25 197. Reynolds represented to i3 Brands that, to effectuate the parties’
26 partnership agreement, it needed to access the confidential, proprietary, and trade
27 secret information of PartProtection. Reynolds understood that this information
28 would be kept secret.

1 198. To that end, Plaintiffs signed an “Acknowledgment” that permitted
2 Reynolds to access PartProtection’s confidential, proprietary, and trade secret
3 information.

4 199. In reliance upon Reynolds’ representations that it needed to access
5 PartProtection’s confidential, proprietary, and trade secret information to effectuate
6 the parties’ partnership agreement, PartProtection allowed Reynolds to access this
7 information.

8 200. Reynolds improperly acquired PartProtection’s confidential,
9 proprietary, and trade secret information by interviewing former i3 Brands
10 employees who worked for Reynolds and accessing and analyzing the trade secret
11 information of PartProtection. Among other PartProtection trade secrets, Reynolds
12 accessed:

- 13 • All of PartProtection’s proprietary source code for its software;
- 14 • PartProtection’s “eligibility file,” which took years to build, and
15 contained PartProtection’s confidential database of auto parts that it
16 could insure and the prices of those parts; and
- 17 • PartProtection’s confidential contracts with the companies that
18 agreed to underwrite the policies issued by PartProtection.

19 201. Reynolds acquired these trade secrets belonging to PartProtection
20 through improper means, including but not limited to its violations of its duties and
21 agreements with Plaintiffs. Reynolds was fully aware that the information
22 comprising Plaintiffs’ trade secrets were secret, confidential and maintained in such
23 a way to prevent disclosure to third parties, and specifically to competitors.

24 202. Without Plaintiffs’ knowledge or consent, Reynolds used
25 PartProtection’s confidential, proprietary, and trade secret information to create a
26 competing product.

27 203. PartProtection took reasonable steps to maintain the secrecy of its trade
28 secret and proprietary information, including by storing its trade secret and
proprietary information in secure databases only accessible with confidential log-in

1 credentials. PartProtection also maintained the confidentiality of its agreements with
2 its underwriters, which Reynolds accessed through fraudulent pretenses and used to
3 create a competing product.

4 204. Plaintiffs' trade secrets are sufficiently secret to derive economic value,
5 actual or potential, from not being generally known to other persons who can obtain
6 economic value from their disclosure or use.

7 205. As a proximate result of Reynolds' acts, Plaintiffs will suffer
8 irreparable harm and have suffered injury to their business or property in an amount
9 to be proven at trial.

10 206. Reynolds' actions were willful and malicious. Further, upon
11 information and belief, Reynolds' scheme to steal PartProtection's trade secrets was
12 conducted at the direction of its Vice President, Sidney Haider, who informed Mr.
13 Lucas that Reynolds (i) had no intention of fulfilling its agreement to partner with
14 PartProtection, and (ii) intended to capture PartProtection's prospective corporate
15 opportunities through its own product, "ReyShield," which it had engineered to
16 compete with PartProtection. Upon information and belief, Mr. Haider either
17 directed Reynolds to misappropriate PartProtection's trade secrets or, with
18 knowledge that it misappropriated PartProtection's trade secrets, consciously
19 disregarded those actions or ratified them. Upon information and belief, Reynolds
20 also acted at the direction of its CEO, Bob Brockman, and its Senior Vice President,
21 Robert Burnett, when it effectuated its scheme to misappropriate PartProtection's
22 trade secrets, or they had knowledge of Reynolds' scheme and either consciously
23 disregarded its actions or ratified them. Accordingly, Plaintiffs are entitled to
24 exemplary damages for Reynolds' acts of misappropriation.

25 **COUNT X (Reynolds):**

26 **INTENTIONAL INTERFERENCE WITH PROSPECTIVE ECONOMIC**
27 **ADVANTAGE**

28 207. Plaintiffs incorporate by reference the preceding allegations.

1 208. In 2015, Plaintiffs and Ford had an economic relationship that was
2 likely to benefit Plaintiffs. Specifically, Ford and PartProtection discussed the
3 possibility that Ford would offer its customers PartProtection at thousands of Ford
4 dealerships.

5 209. Reynolds possessed knowledge that Plaintiffs and Ford were in the
6 process of discussing that Ford would offer its customers PartProtection at thousands
7 of Ford dealerships.

8 210. Because PartProtection competed with products offered by Reynolds,
9 Reynolds stalled PartProtection's integration and ultimately refused to integrate
10 PartProtection altogether. Reynolds refused to provide integration to PartProtection
11 with the intent to sabotage PartProtection's opportunity with Ford and ensure that its
12 own competing products maintained an advantage over PartProtection.

13 211. Reynolds' conduct was wrongful independent of the interference, itself,
14 because it was done pursuant to Reynolds' illegal conspiracy to drive all competition
15 out of the data integration market. Indeed, Reynolds was only able to derail
16 Plaintiffs' business opportunity with Ford because of its anticompetitive control of
17 the data integration market.

18 212. Reynolds stalled PartProtection's integration and ultimately refused to
19 integrate PartProtection with the intent to disrupt the economic relationship between
20 Plaintiffs and Ford and with the knowledge that disruption was likely because of
21 Reynolds' conduct.

22 213. As a result of Reynolds' stalling PartProtection's integration and
23 refusal to integrate PartProtection, the relationship between Plaintiffs and Ford was
24 disrupted. Specifically, as a result of Reynolds' actions, Ford ultimately declined to
25 launch PartProtection to its dealers and PartProtection lost out on sales worth
26 potentially millions of dollars.

27 214. As a result of Reynolds' stalling PartProtection's integration and
28 refusal to integrate PartProtection, Plaintiffs were harmed in an amount to be

1 determined at trial.

2 215. Reynolds' stalling of PartProtection's integration and refusal to
3 integrate PartProtection directly and proximately caused the harm suffered by
4 Plaintiffs.

5 **COUNT XI (CDK):**
6 **INTENTIONAL INTERFERENCE WITH PROSPECTIVE ECONOMIC**
7 **ADVANTAGE**

8 216. Plaintiffs incorporate by reference the preceding allegations.

9 217. In early 2015, PartProtection developed a business opportunity with
10 Nissan under which Nissan would launch a pilot program in which it would expand
11 its contractual relationship with i3 Brands and offer TradeMotion and PartProtection
12 to wholesalers. This project was likely to benefit Plaintiffs by expanding
13 PartProtection's customer base.

14 218. CDK possessed knowledge of the relationship and opportunity between
15 PartProtection and Nissan. Specifically, in order to launch the pilot program,
16 PartProtection needed to become "certified" by CDK in order to integrate with
17 CDK's DMS and provide a streamlined workflow based on real-time DMS data.

18 219. Upon learning that Nissan and PartProtection intended to launch a
19 project that could harm CDK's interests, CDK refused to finalize integration to
20 PartProtection and terminated Plaintiffs' access agreement.

21 220. CDK refused to provide integration to PartProtection and terminated
22 Plaintiffs' access agreement because it did not want Plaintiffs to infringe upon one
23 of its largest customer's business interests and with the intent of disrupting the
24 economic relationship between PartProtection and Nissan, with knowledge that
25 disruption was likely because of its conduct.

26 221. CDK's conduct was wrongful independent of the interference, itself,
27 because it was done pursuant to CDK's illegal conspiracy to drive all competition
28 out of the data integration market. Indeed, CDK was only able to derail Plaintiffs'

1 business opportunity with Nissan because it had reached anticompetitive agreements
2 with Reynolds concerning the data integration market.

3 222. As a proximate result of CDK's conduct, the relationship between
4 Nissan and PartProtection was disrupted.

5 223. As a proximate result of CDK's conduct and the disrupted relationship
6 between Nissan and PartProtection, PartProtection suffered harm in an amount to be
7 determined at trial.

8 224. CDK's refusal to provide integration to PartProtection and termination
9 of Plaintiffs' access agreement directly and proximately caused the harm suffered
10 by PartProtection.

11 **JURY DEMAND**

12 225. In accordance with Federal Rule of Civil Procedure 38(b), Plaintiffs
13 demand a jury trial on all issues so triable.

14 **PRAYER FOR RELIEF**

15 WHEREFORE, Plaintiffs request that the Court:

- 16 (a) decree that CDK and Reynolds entered into an unlawful horizontal
17 conspiracy in violation of Section 1 of the Sherman Act;
- 18 (b) decree that the exclusive dealing provisions in CDK's and Reynolds'
19 contracts with Plaintiffs, other vendors, and dealers are anticompetitive
20 and illegal restrictions of trade under Section 1 of the Sherman Act;
- 21 (c) decree that CDK and Reynolds have illegally monopolized the market
22 for integration services for dealer data stored on its DMS platform
23 under Section 2 of the Sherman Act;
- 24 (d) enjoin the enforcement of the exclusive dealing provisions in CDK and
25 Reynolds' contracts with dealers and vendors;
- 26 (e) enjoin CDK and Reynolds from privileging their own products and
27 services— as compared to other vendors' products and services—with
28 respect to integration with data elements stored on mutual dealer

1 clients' DMS, including with respect to data access and usage rights,
2 and bi-directional integration;

3 (f) award Plaintiffs damages, as provided under the Sherman Act and the
4 Cartwright Act, in an amount to be trebled in accordance with the
5 Sherman Act and the Cartwright Act;

6 (g) award Plaintiffs damages, as provided under Cal. Civ. Code § 3426, *et*
7 *seq.*, for Plaintiffs' actual loss and Reynolds' unjust enrichment as a
8 result of Reynolds' misappropriation of PartProtection's trade secrets;

9 (h) enter a preliminary injunction enjoining Reynolds from launching any
10 product that competes with PartProtection or is otherwise derived from
11 PartProtection's trade secrets;

12 (i) enter a permanent injunction enjoining Reynolds from launching any
13 product that competes with PartProtection or is otherwise derived from
14 PartProtection's trade secrets;

15 (j) award exemplary damages for Reynolds' willful and malicious
16 misappropriation of PartProtection's trade secrets;

17 (k) award appropriate actual and punitive damages for CDK's and
18 Reynolds' common law violations;

19 (l) award Plaintiffs their reasonable costs and expenses incurred in this
20 action, including expert fees and attorneys' fees;

21 (m) award Plaintiffs prejudgment interest; and

22 (n) award Plaintiffs any such further relief that the Court may deem just
23 and proper.
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25
26
27
28

February 4, 2019

Respectfully submitted,

By: /s/ Whitney M. Carlson

Whitney M. Carlson

BENESCH, FRIEDLANDER,

COPLAN & ARONOFF LLP

*Attorney for Plaintiffs i3 Brands, Inc.
and PartProtection, LLC*

Exhibits - Table of Contents

- Exhibit 1 - Managed Interface Agreement **(to be filed under seal)**
- Exhibit 2 - Reynolds Interface Agreement **(to be filed under seal)**
- Exhibit 3 - Reseller Agreement **(to be filed under seal)**
- Exhibit 4 - Agreement of Basic Terms
- Exhibit 5 - Acknowledgment by i3 Brands, Inc. and PartProtection, LLC